N. F. W. A. Convention Highlights—Page 18

Combatting Motor Freight—Page 20

DISTRIBUTION AND WAREHOUSING

The Business Paper of the Warehouse Industry

Reg. U. S. Pat. Office.

Volume 30 NEW YORK, AUGUST, 1931 No. 8

# Debt Accord Points Way to Business Normalcy*

## Reaction of Warehousing's Association Executives

By KENT B. STILES

SPOKESMEN within your own industry—executives whom you have elected to positions of leadership in the national, regional and State trade associations of which you are members—generally foresee industrial prosperity arising out of President Hoover's international debt accord proposal which, accepted by the European Powers, became effective as of July 1.

If the moratorium is, as one of your association presidents calls it, "the most constructive and most significant event of the year thus far," and if, as repeatedly suggested in their opinions, the current depression is, in its present stage, largely psychological, then it would seem to me, an observer, that our trade association leaders are not guilty of false optimism when they commit themselves publicly in professing their conviction that at last business generally is at the road's turn toward normalcy—not necessarily this year but perhaps in 1932.

Twenty-six of your association presidential executives were kind enough to telegraph or write me, for publication in *Distribution and Warehousing,* those sober thoughts which were their reaction to Mr. Hoover's magnificent and timely action in an hour of world crisis. That reaction, which may be said to be truly representative of the reaction of warehousing as an industry of thinking business men, will not be published until early August, or until nearly a month after President Hoover's proposal, and so it was my thought that you men would be interested in hearing, at this convention in which you are assembled to consider your problems, just what that reaction is which perhaps is a cross-section of your own thinking.

Gentlemen, your association presidents said, in their telegrams and letters, that the international debt accord is economic insurance; that it means assumption of moral leadership by the United States; that it promises stabilization of trade; that it foreshadows good times, good will, and world peace; that it brings new hope to a world harassed; that it suggests a new cycle of confidence in business; that it presages increased buying power abroad, with consequent pick-up in trade at home; that it will destroy industrial fear; that it is the first definite attempt to cure the ills of commerce; that it is bold and statesmanlike; that it revives the morale of the world; that it means that in future America must have internationally-minded executives in the White House; that it is a stupendous attempt to achieve world peace and prosperity; that it demonstrates how closely allied are the fortunes of the world; that it is the turning point in business reconstruction.

We are told that the United States is no longer a self-contained nation; that American capitalism has been on trial throughout the world and that the Hoover moratorium is a sign of the basic soundness of American capitalism. We are told that the debt accord demonstrates the practicability, on the part of industries in the several nations, toward shortening the life of future economic disturbances.

Also the opinions warn that prosperity is, however, not yet here; that improvement will be slow and gradual; and that there must be hard work, courage, public and private honesty.

Diverse primary reasons for the depression are assigned, over-production being one frequently emphasized; and in this connection we are told that man-power, not machinery, is the deciding factor.

The foregoing presents some of the high-light thoughts contributed by your association executives, who include the president and four vice-presidents of the National

**Paper read in part at 12th semi-annual convention of National Furniture Warehousemen's Association, Mackinac Island, Mich., in July.*

Furniture Warehousemen's Association; the president and two vice-presidents of the American Warehousemen's Association, and the presidents of eighteen other associations.

Your own association's president, Martin H. Kennelly, believes that "the debt moratorium agreement in effect for one year should have good influence on world business."

"The extension of time by creditors to debtors," he declares, "whether it be individuals or nations, should enable creditors to turn thoughts and resources into other channels and arteries of trade, stimulating world commerce. In my humble opinion, if financial conditions are as bad in Germany as reported, this debt suspension could be regarded as insurance and a protective measure to prevent further serious economic and social disturbances throughout the world. Important, too, is our country assuming the discarded moral leadership which we should assume."

William T. Bostwick, your eastern vice-president, reminds us that "a lack of intimate knowledge of the financial situation in Germany makes it rather difficult for one to pass intelligently on the ultimate results of the international debt accord," and declares it to be "a moot question" as to whether the debt accord will be "radical enough to help the world financial condition." There is little doubt, he adds, but that "the depression in the United States is largely psychological and that it is the natural result of the past hectic optimism prevalent in this country for many years." But, Mr. Bostwick continues:

"Surely the international agreement should help, for fortunately the pendulum in this country swings back as quickly as it swings forward, and the business world of the United States swaps the tone of pessimism for a tone of optimism with great nonchalance, and it is surely true that plenty of business men are today looking for an excuse for an optimistic attitude. After all, this country is sound, and the realization by the United States that world conditions are dependent on the United States as well as on other countries is bound to impart a healthful attitude toward general conditions."

Marion W. Niedringhaus, your central divisional vice-president, expresses opinion that "debt suspension will not in itself terminate industrial depression," but should be a stimulus, moral rather than actual, toward better times.

"The root of the present economic depression has little or nothing to do with, nor has it been caused by, indemnity payments," Mr. Niedringhaus says. "The cause may be more correctly placed against the forced credit expansion by producers upon the consumer, with the inevitable result that there is now a surplus of commodities and labor and a corresponding lack of buying power.

"The Hoover plan is the first constructive step in relieving the financial strains upon various governments, which should give more of a moral stimulus to the return of prosperity than an actual one.

"Constructive progress in industry seems to come in those periods immediately following a depression such as we have been through in the last twenty months. At these times men's minds have been sharpened by adversity, and sustained intelligent efforts result in the improvement of general conditions. The Hoover plan is the first intelligible sign of this sustained intelligent effort."

Your southern vice-president, J. P. Ricks, believes that "in addition to the improved sentiment prevailing throughout this country as a result of the international debt moratorium, it seems reasonable to expect that funds heretofore employed in liquidation of such obligations will be converted into commercial, industrial and agricultural channels and thereby stimulate the flow of business and improve commodity prices." Either or both of these effects, he points out, would increase buying power and hasten economic recovery."

Your western vice-president, Harvey B. Lyon, pointing out that "courage, like fear, is contagious," declares that President Hoover's leadership has heartened the world and made it possible for money to flow into normal channels.

"America is fundamentally sound," Mr. Lyon reminds us. "We have more than half the gold in the world, more than half the machinery, most of the automobiles, most of the telephones, most of the railroads, all the skyscrapers, the largest corporations, the best business heads, vast natural resources and the largest home market.

"That America is ready and restively waiting for a major up-swing of real speed and proportions is evident in the unprecedented credit position of our reserve system, the abnormally unbalanced condition of commodity stocks, the curious currency situation, and our continued imports of gold.

### *Hoover's Leadership*

"These factors are in themselves forcing a reversal of deflation, and it is now generally conceded that all that has been needed of late to start a definite return to normal, and even prosperous times, is leadership that will create and sustain general confidence.

"President Hoover has demonstrated that he has this leadership.

"The debt accord resulting from his efforts has caused the world again to take heart. Europe will be given a breathing spell from its war debt. Money will flow in normal world channels, causing healthy credit expansion and price restoration.

"The stage is set for the return of business to normal. We all now have reasons to think, talk and act optimistically."

Elmer Erickson, president of the American Warehousemen's Association, says that the acceptance of Mr. Hoover's proposal "should encourage practical cooperation and stability among the nations." He continues:

"The agreement of the powers of two continents further demonstrates the practicability of organized effort on the part of industries of individual nations toward shortening the life of future economic disturbances.

"While suspension for a short term of an exchange of $800,000,000 is not large when compared to the expenditures of the subject governments, yet it comes at a time when the people of central Europe are most seriously oppressed and should tend to clarify the atmosphere by swinging men's minds from fear and disorder to a confidence in the future by the hope of world economic improvement.

"As the prosperity of our nation is affected by conditions in all parts of the world, it is reasonable to assume that this adjustment should have its effect and aid in the return of prosperity to America. We are no longer a self-contained nation."

F. R. Long, the American's merchandise divisional vice-president, declares that warehousemen and all other good citizens "are grateful for the wisdom of President Hoover which prompted his suggestion for a year's cessation of intergovernmental debt payments, and to his persistent efforts in bringing his plan to a successful conclusion." He continues:

"In the universal depression this suspension of debt payments brings hope to a harassed world. Our prediction is that the moratorium will replace chaos with stability, hunger with plenty, and depression with prosperity. It keeps our United States in the high altruistic position we have always held, and promotes a new confidence that will cause men of all nations to take a forward look. Then surely will follow good times, good will, and world peace."

V. O. Appel, the American's cold storage divisional vice-president, declaares President Hoover's actio nto be "timely, sound and proper," as conditions abroad, especially in Germany, demanded relief as a necessity.

But whether the President's action is to terminate industrial apprehension and appreciably stimulate business cannot be answered in the affirmative unreservedly, as, he points out—

"When the great mass of unemployed men and women honestly seeking employment can again find it, then and not before can we expect a true return to normal business.

"The causes of our present unsatisfactory business situation are numerous and diverse. The factors which will revive business cannot be single or few but also must be numerous and diverse. This happy gesture on the part of our Government may be one of those factors—its consequence, great or small, to be later determined. But it is not enough. It cannot possibly be a panacea for our many ills.

"American business men will gravely err if they are led to believe that our present economic situation can be completely changed overnight. We have a far bigger job before us. We shall all be the better off if we admit this and stolidly set our minds and bodies to the solution."

E. C. Lowry, president of the Southern Warehousemen's Association, says that in his judgment "the international debt accord, coupled with favorable crop outlook and conservative policy being

pursued by the people" of his section, "should show a healthy improvement this fall," and that "the moratorium should stimulate the price of agricultural commodities, from which the South should benefit substantially."

Clarence A. Aspinwall, one of your directors, and president of the Washington Warehousemen's Association, holds that "agreement on international debts restores confidence in the good sense of governments and promises increased buying powers of customers abroad, which in turn releases timid capital here." Also, he declares, it "paves the way to gradual reduction in armament, which will relieve the world of vast expense and give assurance that the European governments are sincerely desirous of permanent peace." Mr. Aspinwall continues:

"With pessimism routed, confidence returns and the door is open for the return of prosperity. President Hoover has justified his reputation, and let us not forget to praise France, whose sacrifice is relative greater than ours.

"But prosperity is not yet here, and we must do our part to insure its coming. Hard work, courage, courtesy, consideration, and above all, honesty, public and private, are the principal ingredients in the diet which American business needs. With the tonic administered by the Hoover debt accord, this diet will restore complete health to America and world business."

Turning now to State association presidents:

William A. Cassell, president of the California Van & Storage Associations, declares that the psychological effect of the Hoover announcement has already been noted throughout the world, and that the moratorium will, effective over a period of time, relieve unemployment, with business being stimulated accordingly.

"It seemingly marks the first step in worldwide political and economic changes," Mr. Cassell continues. "It indicates, too, a trend toward a revision of the Young reparations plan. Such a change seems inevitable.

"Relief, even temporary, from a staggering burden of debt, would act as a Heaven-sent gift to all debtor nations. The people of the world would be heartened and would look to tomorrow with new hope and faith.

"While the present economic disturbance goes deeper than we perhaps like to believe, it is nevertheless true that any sound idea offering a measure of relief would quickly catch popular fancy and do much to stabilize the public mind. The moratorium seems to be this timely thought.

"Perhaps the most significant thing we have to face is the likelihood of revolutionary changes in the present economic system unless relief is accorded the workers. Mr. Hoover's plan seems to be a step toward such relief—the first concrete thing that has been done."

W. E. Fessenden, president of the California Warehousemen's Association, believes there is no question but that the debt accord "will alleviate international depression through release, for commodity-buying, of moneys saved on debt settlement." This, he declares, "should give encouragement, in respect both to consumption and corresponding production, reacting favorably upon employment, with an attendant stimulus to business all along the line." He continues:

"The great part of our own depression is due to unfavorable conservatism, but with the impetus caused by greater confidence in world affairs, the *per capita* wealth should be diverted from savings to buying or investments.

"While international circumstances have adversely affected conditions within this nation, half the battle will be over when fear is destroyed, confidence is restored, and normal buying is renewed, and the international debt agreement seems to be the influential factor to bring this about."

The Colorado Transfer & Warehousemen's Association's president, James P. Logan, brings out that "the machine age has proven that our nation cannot consume all that it produces and give sufficient work for all labor without world trade," and he comments that "nations of individuals mortgaged to the neck cannot purchase more than bare necessities of life."

"That," Mr. Logan says, "is the condition of most of the participants of the late war, and the absence of their purchasing power left an excess of goods on our shelves and resulted in closing down of part of our production and a discharge of labor producing it.

"The moratorium should give the nations an opportunity to come into the market for both public and private needs. It is the first definite attempt to cure the ills of industry. This should be followed by a building up of the purchasing power of silver, which is the medium of exchange of a large part of the world."

### *A Blow at Communism*

George M. McConnell, president of the Illinois Association of Merchandise Warehousemen, regards the accord as "a most hopeful sign that the spirit of cooperation and the wisdom to use it in time to prevent disaster is not lacking among the leading capitalistic nations." Capitalism, as exemplified by the basic economic structure of the United States, he declares, is "on trial throughout the world, and the continuance of the world depression is due in no small part to the doubt in many men's minds of the ability of our political and governmental systems to uphold and defend the capitalistic principle against the active aggression of Communism."

"President Hoover's moratorium," Mr. McConnell believes, "and the slow but sure turning of Soviet Russia from strict Communism to modified capitalism, are extremely encouraging signs of the inherent strength of our economic life. Prosperity is bound to follow the growth of confidence in the soundness of the economic principle underlying our business structure."

George H. Harmer, president of the Iowa Warehousemen's Association, declares that the moratorium "takes first place" as a dispeller of gloom. Notwithstanding that students of world affairs have realized for some time that the low point in worldwide depression has been reached and passed, according to Mr. Harmer, nevertheless "the minds of the people have been pessimistic and they have been slow to make new plans and embark in new enterprises." Therefore—

"The bold and statesmanlike proposal of the President and its acceptance by the nations of the world has been electrical in its effect. Undoubtedly it has saved Germany from disaster, and a failure of that great nation would have been an added calamity over the entire world. By avoiding such a catastrophe a new confidence has been developed, not alone in Germany but in the other European countries and in this country as well. Already we can see a revived foreign trade. The generous position taken has also gone a long way in the building of international good will. Instead of being discouraged, we are now encouraged. The great effect of Mr. Hoover's plan is the restoring of the morale of the world. That has been our pressing need."

T. E. Witters, president of the Maryland Warehousemen's Association, wired that it was "the sense of the members" of that organization that they were at this time not prepared to express an opinion of what Mr. Witters called "so subtle a subject."

Samuel G. Spear, president of the Massachusetts Warehousemen's Association, declaring the Hoover moratorium to be "a most timely and gracious gesture," points out that "it will have to be followed, and will be followed without question, by adjustments and agreements on debts as the exigencies of the situation require." He adds:

"It must bring home to the American people the fact that there is no use betting on the United States when the rest of the world is sick. We shall have to continue to have internationally-minded Presidents. This is all constructive, and nothing but a crisis would have accomplished such an education of public opinion.

"The doctors have diagnosed the trouble and will administer the proper medicines for the patient's recovery. There is a great back log of deferred purchasing of automobiles, housing (industrial and domestic), railroad equipment and raw materials. The restoration of confidence inspired by President Hoover's action will, I believe, set in motion all the forces needed for the general industrial recovery."

B. C. Hubbard, president of the Michigan Furniture Warehousemen's Association, believes that the underlying causes of business depression have spent their force and that supply and demand have now reached their normal level but that, due to an apparent lack of confidence, business and financial institutions do not respond; accordingly he says, "inspiring of that confidence is the key to a return to normal." He continues:

"The debt extension is the granting of further credits, is the equivalent of a further loan, and indicates a faith in an

early return to conditions which will keep the obligations good. The additional credit places it within the ability of the benefited nations to increase their business activity the same as that much additional cash. The United States, being a creditor nation, cannot but profit. This expression of confidence, and the greater business activity which it presages, cannot do otherwise than increase the ripple of returning confidence."

A. M. Hansen, president of the Missouri Warehousemen's Association, declares that the international program must react favorably on American industry, enabling other nations, Germany particularly, to purchase large consignments. Over-production was, in his opinion, the primary cause of the depression, and "if we can export a portion of this over-supply, it will result in a resumption of business," and there should be permanent relief "if we have sufficiently learned the lesson of how not to over-produce." Mr. Hansen continues:

"The most serious side is that we have so many idle people. Idle machines result only in loss of interest on money invested, while idle people are still consumers, but what they consume must be paid for in some manner. If through exports we can put our people back in an earning capacity, they will become producers and result in a betterment of business conditions in general. We must, however, find means of producing with the human element rather than with machinery. No battle or war was ever won with machines. They have been aids, surely, but the deciding factor has always been man-power."

Frederick Petry, Jr., president of the New Jersey Furniture Warehousemen's Association, believes that the accord "cannot help but stabilize business and hasten the day when our country shall again enjoy normal prosperity," and he thinks that "our Government would not have taken the initiative if this had not been the opinion of the best financial and business minds of the country." He points out:

"Germany is a large customer of ours and she will undoubtedly favor us with more business during the coming year. The frankness and cordial reception given the Hoover plan by all the countries involved will undoubtedly stimulate a better feeling toward our country, and this will go a long way toward stimulating our foreign business. There are many signs that we are turning the corner in the business world, and our Government's action has done much toward restoring confidence. The improvement will be slow and gradual and we cannot hope for normal conditions until 1932."

Joseph W. Powell, president of the New York State Warehousemen's Association, declares that "regardless of politics or creed we are forced to recognize the economic effect of such magnificent strides by the leaders of our great American Government to reestablish the purchasing ability of the Central Powers and to coordinate this effort with further attempt toward world disarmament."

"Having in mind the coming conference at Geneva," according to Mr. Powell, "the United States plans to enter the conference fully and thoroughly. It is fitting that our Government should be the aggressor.

"So concerned was the world with the success of the plan that a momentary hesitancy on the part of France to accept it without reservation had a temporary depressing effect on the markets of the world. The encouraging psychological effect is apparent everywhere. Commodity prices and the prices on the various stock exchanges have now reacted favorably to the outlook.

### *Hailed as a Turning Point*

"How can we react, as business men, other than with optimism to this stupendous attempt to achieve world peace and prosperity? With courage and with fortitude the American people have survived two years of readjustment and depression without riots, strikes or civil disorder.

"All members of the Senate, regardless of party, the great newspapers throughout the country, the civic and industrial leaders, have hailed this as a turning point in the economic reconstruction of the world. Certainly we have the right to feel that a general business improvement is at hand."

W. R. Kissick, president of the Ohio Warehousemen's Association, reminds us that the man inclined to be impatient over the continued depression must realize that getting out of the depression "inevitably involves sacrifices and requires time." and declares that "the readjustments necessary to business revival are going ahead steadily and that the beginning of revival is not many months away."

The moratorium Mr. Kissick calls "the most constructive and most significant event of the year thus far," and he says that "without any doubt it relieves a strained condition, gives a breathing spell, and provides opportunity to many peoples to work out their problems more easily and with renewed hopefulness." And incidentally, he remarks, "it is a remarkable demonstration of how closely interdependent are the economic fortunes of all the nations."

Donald G. Bates, president of the Oregon State Warehousemen's Association, characterizes the moratorium as "the opening wedge to termination of industrial deflation."

"Public confidence," he declares, "must be restored before private investors will be willing to participate in industrial expansion. The effect of the acceptance of the moratorium will be reflected in the solution of our national debtors' problems. Federal land banks, intermediate credit banks and other such Governmental agencies will temper their dealings with their debtors with the same spirit that inspired the moratorium proposal."

Walter E. Sweeting, president of the Pennsylvania Furniture Warehousemen's Association, wires that, from the viewpoint of "a layman with a worm's-eye view," he senses from contacts he makes "a general feeling of optimism, hope and belief that the accord does mark the turn of the tide which will bring back prosperity."

"If this," Mr. Sweeting points out, "can be coupled with the proposed decrease in armaments, resulting in diverting of money so spent to useful channels and reduction of taxes, I believe we will have renewed prosperity years sooner than it otherwise would come."

O. E. Latimer, president of the Texas-Southwest Warehouse & Transfermen's Association, declares that the psychological effect of the debt negotiations will unquestionably be good; and that the proposal was well timed and "is calculated to give business men the greatest feeling of optimism." He adds:

"The enthusiastic and immediate response of financial markets to the debt holiday proposal suggests that this step should have a powerful influence working toward worldwide trade recovery and the introduction of a new cycle of confidence in the business world. The lowest level of depression has been seen and a degree of tangible recovery will soon manifest itself that will gain sufficient momentum by the end of the moratorium to enable the world to withstand the strain of a resumption of the war debts."

John Fortune, president of the Washington State Warehousemen's Association, suggests that if, in private business, a man had a creditor who owed him $20,000, and that that creditor, for reasons out of his control, went broke with no means of paying the debt and yet the creditor has a good reputation for splendid earning power in the past and has business connections of value, it would be the part of good business to forego collection of principal and interest on the debt and give that creditor a chance to rehabilitate himself and carry on trade. Mr. Fortune points out:

"The European nations are in that position. If we had all of the war debt paid, even though it was paid in gold, we would still have no outlet for the goods from our factories or the products of the farms to sell to impoverished Europe. The result would be that with all the monetary wealth of the world, the mass of the people in this country would find themselves in dire distress.

"The Hoover plan is constructive and based on true economics, and while we are generally a year behind the East in feeling business reactions, it is our belief that the moratorium proposals were of benefit in this part of the country."

Gentlemen, what these twenty-six executives in your trade associations have told you is representative of the reaction of executives in numerous lines of business. Similar expressions of hope and confidence have reached *Distribution and Warehousing* from men in positions of leadership in the automotive, iron and steel, boot and shoe, hardware, jewelry, insurance, dry goods and various other industries. These opinions emanate from all parts of the United States, and they show Business America, warehousing included, apparently truly optimistic for the first time in months.

The nation's industrial leaders say we are at the turn of the road to normalcy.

# DISTRIBUTION

## Its Economic Relation to Public Warehousing

## Number 77

***Voluntary Chains in the Grocery Field—Their Cooperative Buying and the Elimination of Owners' Personalities into Standardized Practices—The Bearing on Public Warehousing***

**By H. A. HARING**

APPROXIMATELY 59,000 of our retail grocers are members of voluntary chains. Units of regular chains number about 60,000. In volume of groceries sold each year, the voluntary chains control about 30 per cent of the country's total and the regular chains about 35 per cent. The voluntary chains of grocers, therefore, are slightly fewer in number than the regular chains and they sell also slightly less of the food we use.

The independent retailer has felt the competition of the chains. No trade has escaped. Groceries and drugs have suffered most, because there are most of them. Drygoods and hardware, too, have suffered; music stores and apparel shops, shoe stores and tobacco shops, hotels and restaurants have felt the pressure. No retailer has been so fortunate as to be passed over by the chainized store.

We are, however, at the present time considering only the grocer. He, of all retailers, handles more goods that flow through public warehouses than any other type of retail outlet. For, in the warehouse, groceries and food products constitute undoubtedly the bulk of commodities handled, except at the ports where imported goods bulk into large proportions.

The first appeal of the chain grocery store for patronage is its ability—and willingness—to cut prices. For this reason the deepest grievance the independent retailer has against the chain is that it undersells. It was but natural that independent grocers should combine into mutuals for the purpose of buying cheaper. Then, thought they, they could sell for less and meet the chains on their own ground.

In this manner we had a long succession of mutual buying groups, cooperative buying clubs, syndicates of many names and many types. All of them aimed to club together a large number of retailers, so that their buyer could talk "big orders" to the manufacturers, and, with this fine front of courage, command prices as low as the chains were getting.

This they found possible to do. One after another did it.

But, even with low cost for their goods, the independents were unable to fight the chains. The chains were always one step ahead. Then the independents began to learn that the chains had advantages deeper and far more important than just the ability to get price concessions from the manufacturer. The chains had brains, and they used them.

MANY new problems, and perplexing ones too, have harassed the grocer. Some independents have been overwhelmed by the seeming hopelessness of combating these new complications. They have surrendered without further struggle.

But the courageous have and are accepting the challenge of changing conditions. By the application of business policies and modern methods they are waging a vigorous battle against the new competition. Those who are succeeding are not deluding themselves with the erroneous belief that a mere sentimental appeal to the housewife to "patronize home-owned stores" will of itself be enough to restore the trade of independent grocery stores. They know that such an appeal is ineffective and meaningless to the average consumer, until and unless the home-owned store matches in every respect the efficiency, the economy and the attractiveness of the chain store unit with which the woman is familiar.

When, but not before, the home-owned store fortifies itself with buying power enough to buy at lowest prices; when it brings to each store the advantages of mass merchandising methods, mass advertising and a centralized organization; when in appearance and arrangement it equals the attractiveness and conveniences of the modern chain grocery—then and only then does the "home town" appeal merit serious consideration from Mrs. Housewife.

These are yard-sticks of facts.

The chain, as shortly learned by the grocers who joined the mutual buying clubs, offered the customer a service which was attractive and convenient. This, added to cut prices, made for success. The chain, from headquarters in some distant city, did a continuous job of "thinking"—new ways to make goods attractive, new ways to drag women to their unit stores, new "specials" for each week of the year. The chain offered low prices, but it did more. Always there was some fresh, and timely, appeal that turned the customer's eye to the goods.

Only too often the independent harangued his patrons on the wickedness of the chains. He bored his customers by wailing over his sad lot and the ruinous competition. The manager of the chain's unit next door, however, did nothing of the kind. Instead, he shoved Campbell's pea soup right into her hand and pointed to a little card that bore the sign: "8 cents." He filled a window with Del Monte peaches at 19 cents. He had no flies in the store, no rats in the cellar and no cat on the counter; his windows were clean; his shelves neat and "well house-kept"; he and his clerks wore clean aprons of white material.

He was too busy with customers to gab. The celerity with which he filled an order mutely told the women that

she had come to the grocery store to buy food and that her love for gossip would have to be satisfied outside. And, without consciously realizing it or thinking about it, Mrs. Housewife liked the chain store. In conversation she explained her preference by "their good prices"; but, as a matter of fact, this was not the whole of the truth. Not that she was holding back! She just did not stop to analyze why she preferred the chain store.

Only those independents have been able to combat the chain grocery who have had the courage and initiative to give up their old ways and face the present-day problems of a retail grocery. Independents have had to prove worthy of patronage. Unless they merit local support, they go out of the picture.

***Initiation***

THE independent grocers found it necessary to band together. Their first efforts were at mutual buying. They believed, then, that all they needed to do was to band together for price concessions. To buy cheaply enough to meet competition of the chains seemed the only thing necessary.

The independent found that their lower prices did not exceed 4 per cent in total, while they were not half that much for highly competitive goods and staples. The managers of the mutual groups early had a shock when the grocers evinced only a mild enthusiasm for low prices in general. They demanded:

"We want 'specials'! You must give us something to feature as a 'special' to compete with the chains and department stores."

The average independent grocer was distracted. He wanted a "special" in a hurry. He did not know where to find it. Nor did the buyers for the mutual syndicates. And, right there, they learned one of the first lessons of fighting the chains. It is necessary to plan—not one week ahead, but many months, so that as the weeks click off the calendar there will be on hand a "special" for each Saturday.

This demand ran counter to the theories of those who had organized the mutual buying syndicates; but, as the months went on, experience demonstrated that the most effective way to combat the chains was by use of a weekly grocery "special." Local tie-up advertising for the independents was centered about the "special," and the stores' selling effort for the week was concentrated on the "special" as proof of low prices in general.

One of these syndicates, a "retailer-owned wholesale house," which has built up a business of $5,000,000 a year from a beginning at "scratch" eight years ago, is responsible for the statement:

"The independents fail because they cannot plan ahead. The big department store wins out because it can afford brains to manage—and to manage means to plan. As a wholesaler, we do the planning for all independents in our territory. We schedule for them about forty 'specials' a year, and we try to have these run everywhere at the same time, just as the chains do. The planning ahead for our retailers is the biggest service we give them."

Wherever the independent grocers were willing to accept the planning of a wholesaler and give that wholesaler their support they put the chains on the run. In Zanesville, Ohio, eleven chain groceries quit the city in a single year. Rochester told the same story, and Minneapolis and Spokane and a dozen others —not as the result of ridiculous radio messages, or appeals to the people to support "home industries," but by meeting the chains on their own ground. When the local grocer put himself into position to offer the service of the chains he won out over them, because, on an equal basis, the local grocer always will win. He has the one immense advantage which chains never can have: the personality of a manager who is owner of the business and whose heart is in the community.

***Into Wholesaling***

THIS lesson spelt death to the mutual buying syndicates.

The independent grocers altered the form of their cooperative buying. They raised capital to organize their own wholesale houses. We know these as "retailer-owned wholesalers." But, as a rule, the retailer has no surplus capital to invest in the wholesale business. He needs all he can raise—usually more, too—for his store. Then, to meet this situation, arose the so-called "voluntary chains"—which are a grouping of independent grocers around a wholesaler. The stores are brought together through the initiative of a wholesale grocer, who is primarily interested to preserve his market among the independent grocers of the territory. Usually, in the trade, these groups are known as "wholesaler-sponsored" chains. The operation is the opposite of the "retailer-owned" wholesale house.

But the results have been almost magical.

The wholesale house of this type has a deeper interest in the grocers to which it sells than merely filling their orders and collecting the account. The wholesaler deliberately undertakes to perform for the grocers of his neighborhood all the services that the headquarters office supplies to the regular chain stores.

It buys the goods, as a matter of course. By its mass purchasing power it is able to obtain lowest prices, including all the "allowances" for "cooperation" and "advertising" and other queer forms of discount. It does, also, the "other needfuls" such as providing "specials" at the right season of the year, such as coordinating these "specials" with advertising campaigns of the manufacturers, such as teaching store arrangement, such as cutting down credit losses, such as moving off the shelf old stock and slow-moving items, such as directing the way to good window and store display.

We have, at the present time, 551 of these voluntary chains in our grocery field. They enroll over 59,000 stores, and these stores do 30 per cent of all the grocery business in the country.

Probably the most successful, as it is also the largest, group of "wholesaler-sponsored" chains is that of the I. G. A., The Independent Grocers' Alliance, otherwise known as the "Grimes Group" from the name of its originator, J. Frank Grimes of Chicago.

The I. G. A. is, in essence, a double chain. It has one chain of wholesale grocers and another of retailers. This organization now operates in most of the country—thirty-six States east of the Rockies. It is represented in about 3000 cities and towns, in some of which its affiliated stores number 300. Its volume is now, in the words of the management, so large that it boasts "the greatest buying power in the food industry, excepting only the largest chain store system." It buys half a billion dollars' worth a year, having passed out such single orders as that for 500 carloads of salt, 100 carloads of sliced peaches, 100 carloads of toilet paper, 65 carloads of matches. In single one-week sales this organization has disposed of 4,600,000 pounds of candy, 150 carloads of macaroni, 1,300,000 pounds of a new brand of coffee.

At its present rate of growth in number of stores and volume of sales this group of retailers gives promise, by the end of 1931, of outstripping its one great rival, the A. & P., and then it will enjoy "the greatest volume of food sales of any group in existence." This is their avowed aim.

And yet, for all the imposing size of the I. G. A., the grocery stores which become "members" remain independent. There is no financial tie-up between headquarters, or the parent company, and either wholesaler or retailer. Each is distinctly independent; yet all are able to demonstrate that it is possible to set up genuine cooperation. Every cooperating member benefits so much that it stays in the group. "Cooperation" in this manner comes close to being "not a vague theory, but a vital living factor in human affairs."

Both wholesalers and retailers who are "members" of the group are permitted, under the rules and regulations, to buy goods where they please. They are under no obligation by the contract "to buy anything" from the parent organization. In this manner only the sheer merit of prices and services of the headquarters office brings in the orders.

The member-wholesalers find, however, their best interests promoted by buying cooperatively. It has been publicly stated that "deals" and "allowances" and "special arrangements" have been made with manufacturers to such an extent that the refund to wholesalers "provides each year a sum more than enough to pay the dividends of every wholesaler"! Every dollar of these "deals" is refunded to the wholesalers, month by month, and not "one cent retained directly or indirectly by headquarters."

Wholesalers who are "members" are permitted, of course, to retain the accounts of stores that are not affiliated.

***What the Retailer Gets***

EVERY retailer must, however, submit to merging his personality into the organization's "standards." For one thing, his store front and its internal arrangement must conform to specifications.

For, among the lessons of independents who are fighting to hold their own against chain groceries, it has become evident that the retail store must measure up in appearance and general conduct to modern standards. The housewife seems to demand these conditions. Unless the grocer offers them she will discontinue coming into his store. Unconsciously she prefers neatness and orderliness above messiness and disarranged stocks. Would-be members face this condition. They are shown that only a store of the finest appearance can win in the fight. The consumer must find delight in her trading.

Another benefit, easily demonstrated to the retailer, is that to remodel and redecorate the store will reduce the cost of operating that store. The cost of running the average grocery store is in excess of 18 per cent of the sales. The cost of operating the average store, after redesign and remodeling under supervision of the voluntary chain, is found to be only 11 per cent! It is quickly seen that this reduction in overhead is a tremendous factor in enabling the retailer to meet competition and earn satisfactory profits for the store.

It has been remarkable how willingly the independents remodel their stores after investigation into the benefits. They follow the plans nearly 100 per cent. Many of them, it turns out, have been wanting for years to remodel and fix up their stores, but have not known how to go about it. In many cases where they did try a hand at it, the cost was far out of proportion to the results. But by accepting standardized plans and proved arrangements, the best experience of tens of thousands of stores is brought to their use.

And all without a cent of cost other than the pay of carpenters and painters and supplies. The store lay-out, with full plans and blue prints, are a service, free of charge, from the headquarters organization, together with superintendence of the work and supervision of the alterations.

***The Cost Is Low***

FOR "membership" in the voluntary chain, under such an organization as the I. G. A., there is no initiation fee, no charter fee, no membership fee, no franchise fee. It costs no money to join!

A wholesaler who becomes a "member" pays $80 a month. Only when his year's volume passes the million-dollar mark does he pay more.

The retailer pays $3.50 a week. These payments go to the wholesaler, who passes on to headquarters $10 a year for each retailer—about 20 cents a week. The balance of the weekly $3.50 is retained by the wholesaler for "the complete service" furnished by the wholesaler to the retailer. This service includes the following:

I. Buying

All the advantages of the buying power of the largest organized group of independent grocers in existence.

II. Store Management

1. Complete plans for store arrangement.
2. Service of headquarters and local store engineers.
3. Complete stock arrangement plan.
4. Complete stock pricing system.
5. Complete credit and collection plan.
6. Complete inventory and bookkeeping system.

III. Merchandising

1. Complete program for grand opening and for special sales.
2. Special merchandising broadsides for *nine* national sales each year.
3. Weekly service of tested sales helps and merchandising ideas in the organization's bulletins.
4. Monthly service of valuable selling suggestions to retailers in the *Grocerygram*.
5. National and local conventions, banquets, meetings and conferences.

IV. Advertising

1. Newspaper "ads" each week.
2. Window display diagram each week.
3. Window placard each week.
4. Three window price posters each week.
5. 250 copies of *The Store News* each second week, bearing the retailer's name, address and telephone number in "imprint."
6. Special advertising material for special local and national sales.
7. Copy of the *Grocerygram* every month.
8. Regular weekly national advertising.
9. Radio broadcasting programs.

***How These Costs Are Met***

ALL the mutuals, and the buying syndicates that followed them, and the "retailer-owned wholesalers" which came next in the development, had required cash in some form from the retailer. All these failed because it was impossible to hold members permanently in line. The officers required more time to get in the membership fees than to carry on the work they were paid to perform. All their effort, in brief, was directed to collecting the money. They had no mental energy, nor time in the week, to "serve" their members!

This newer type of chain, that of purely voluntary membership, faced the big problem of "finding the money" to finance their work. The outline just given sketches the services promised to members. Yet the total charge upon the retail grocer is $3.50 a week. Of this sum only 20 cents a week goes to headquarters.

The biggest item of expense laid upon headquarters is that for advertising. The I. G. A., for example, carries advertisements in 400 newspapers every week, in a handful of national magazines like *Saturday Evening Post, Liberty, Country Gentleman, Pictorial Review* and *McCall's*. It also has a radio broadcast.

All these cost money.

Yet the management knows, from experiences of preceding organizations, that a contribution from retailers, whether forced or volunteered, can not be depended on. It would be difficult to collect. Moreover, under any such plan, the sums available would be limited. There would be no flexibility, no increasing fund to spend as results proved the value of the advertising. Nor could the wholesaler be assessed, under their scheme of organization. He has no idle funds for the purpose. National headquarters, in turn, was unable to stretch income to fit the need.

They built what they have termed "a new kind of advertising dollar." It came from "sales to make the dollars grow as the sales grew"!

The voluntary chain developed private brands. By adding the fractional part of a cent here and there, occasionally a whole penny, on a case of the goods, they built up a fund that mounts to more than a million dollars a year. The private brand of the voluntary chain has shouldered the burden of the advertising, and the many "services" to members as well.

The voluntary chains, in a word, are doing exactly what the regular chains have done. They have brought out private brands, from which their profits are greater than from handling manufacturers' national brands. These greater profits they are using, in part, as the manufacturer uses his profits. They are advertising their goods—and, for these voluntary chains, so cleverly do they link the goods with the local "member" store that the advertising benefits the store more directly than it does the goods. Yet, by promoting the business done through the store, the sale of the private brand is swelled, and, with each case of goods sold, there comes one penny more into the advertising fund. Thus, through a circle of events, the private brand pays for itself. The private branded goods, too, yield more profit to the store than nationally-manufactured goods.

***Not One Chain, but 551***

WHAT we have sketched of the workings of the voluntary chain in groceries has, frankly, been largely drawn from the I. G. A. organization. But that concern, although the largest, is be no means the only one.

During the past year (1930) 551 of these voluntary chains were operating in the grocery business in this country. The American Institute of Food Distribution was able to assemble complete data from 205 of this number. These 205 chains were doing advertising, last year at a time of business depression, in the following media:

| | Claims |
|---|---|
| Newspapers | 161 |
| Handbills | 107 |
| Window posters | 97 |
| "Store News" sent to consumers. | 12 |

| | |
|---|---|
| Letters, postcards, direct mail... | 12 |
| Radio broadcasting ............ | 18 |
| Billboards .................... | 2 |
| Wall signs on outside of buildings | 1 |
| Mat service .................. | 2 |
| Employed window dressers...... | 4 |
| Street-car cards .............. | 1 |
| Animated movies .............. | 1 |

From only a portion of these 205 voluntary chains which do so much advertising was it possible to ascertain the cost to the individual store for their "services" including the advertising. Of the 26 chains which did furnish complete figures, 10 placed the cost at $3.50 a week for each store, 6 at $3 a week, 4 at $1 a week, while 6 others pro-rate the cost in ratio to gross sales for the week. Other chains, without furnishing exact figures, estimated the cost from $1 to $5 a week; or, on a monthly basis, from $3 to $10.

Thus it is seen that the voluntary chains in the grocery field have finally worked out a basis of cooperation that is not costly to the store. No independent store, for instance, could run the tiniest of "ads" in its local paper for $3.50 a week. It could not think of using the local radio station for publicity. Its "copy," in all probability, would not approach the "copy" now used in effective "pull" and appeal to the people. But, after a long struggle, the voluntary chains have discovered the method of "painless paying"—that paying covering, all the time, not only this campaign of advertising but all the "services" so greatly required for the independent who tries to combat the regular chain grocery next door.

### *Growth Inevitable*

ENOUGH has been outlined to show that, after twelve years of struggle and many defeats, the voluntary chains are, in the grocery field, now on a basis that makes success possible. The independent grocer has learned a costly lesson: to buy goods at a low price is not the whole story of the chains' success. They did much more to his business than merely undersell. They showed the housewife that a grocery store may be clean, its goods fresh and speckless, the clerks neat in appearance and quick on their feet. They showed, even more important, that it is possible to push products that carry long profits and that Mrs. Consumer can be led by proper display within the store to feed her family macaroni instead of meat, cake instead of pie, Jell-O instead of ice cream; that Hormel chicken or ham may be bought of the grocer instead of making another stop to the butcher shop; that cake in transparencies is sold by the grocer as well as the bakeries; that cigarettes bought along "with the grocery bill" attract no comment from the home; that fine candies may be bought from the grocer at prices below those of the confectionery shop.

They have shown, most of all, the results that a strong chain of voluntary association can market private brands with their large profits.

The voluntary chains of groceries will grow. They are, at the present time, growing far faster than the regular chains, both in number of unit stores and in volume of sales. They are getting stronger and stronger. Fully two hundred of them do more than $10,000,000 apiece of business a year.

### *Importance to Warehousing*

ONE important phase of these voluntary chains to the warehouseman is their attention to pool cars.

Several of them have undertaken to save their wholesalers "more than enough to pay dividends" or "more than your total payments to headquarters" through pooling of shipments. The organization, as one of its "services" to members, is supplying a traffic management.

Few wholesalers have been able to support a traffic department, because their freight shipments did not warrant the salaries. And, with trucks so largely supplanting railroad shipments, many which did have a traffic clerk or two have dispensed with them. Even with such skeletonized traffic departments, however, not many of them knew the "traffic game" well enough to utilize the pool car.

The headquarters can afford to attack this problem with aggressiveness. By controlling, as they do, large purchases for a group of wholesalers, it is possible for them to make up carload lots where the individual wholesaler, buying for himself, could not. For one thing, these affiliated purchasing agents have built up a system of re-bulking wholesale lots of groceries at central cities, such as Chicago and San Francisco, so that the outgoing shipments to wholesalers are in solid carloads. Even a wholesale grocery house is not able to take on a carload of every commodity; but, by one rehandling on the platform and without going into the house at all, a system has been worked out for pooling goods into carloads.

One of these chains, whose wholesaler members pay an average of $170 a month to the chain headquarters, reports to me that, during the year 1930:

"We saved our wholesalers $308.12 a month by pooling their cars. This is the average, dividing total savings by the number of wholesalers. . . .

"Many of them did not know how to order their goods in pool cars. For one member we saved $16,500, or more than $300 a week this way. This was more money than that member had had for dividends in two years. . . . For another wholesaler we recovered nearly $20,000 in over-payments to the carriers, without one cent of cost to them."

The headquarters are located in some central city. A few of the voluntary organizations have opened branch headquarters in two or three additional cities. None of them, however, has or is likely to establish branch warehouses at many places. Even the regular chains have found a quick limit to their ability to show a profit from branch warehouses; and, with their looser organization and their inability to compel patronage from members, these voluntary chains are not likely to make the investment of branch plants.

Indeed, several of them have definitely determined not to erect branch houses. One of them writes to me:

"Our wholesalers are too scattered to make such a step economical. It is cheaper for us, and of course for them, to unload and reload carload from manufacturers and make up pool cars, this handling for our account being performed by public warehousemen. We tried to get the railroads to do this for us, but they refused and told us they had to under the law. We have warehouse connections, now, in seven cities, and are negotiating with four more."

Just to handle the goods over warehouse platforms does not mean any tremendous revenue to the warehouse. It is, however, only a beginning. These voluntary chains must store goods on many occasions.

One of them, again the I. G. A., operates 22 coffee-roasting plants. These belong to member-wholesalers and are only indirectly controlled by the headquarters; but, with the I. G. A. private brands of coffee now standing sixth in volume of output in this country, it is but natural that the purchase of green coffee would be concentrated at headquarters. Someone must store this coffee.

The voluntary chains, too, offer the manufacturer a quick outlet for overstocks and for output at seasonal months of the year. Like all big buyers of goods, one of the advantages offered is the capacity to accept delivery and make payment for huge quantities—if they want to and if the price is right. In this manner a voluntary chain—almost any one of the 551 of them—is able to buy a lot of food such as could not be sold to the whole group of wholesalers they represent. And, of course, no manufacturer could hope to bring that group together under the old system of individual buying.

Inasmuch as the member-wholesalers, in such a purchase, are not in position to take on their share of the lot, it becomes necessary for headquarters to warehouse the goods and borrow against the receipts. At a convention of one of these chains, during the early summer, the chief purchasing agent told me this:

"I'll bet we have two millions of goods in the warehouses at this minute. No, I'll make it three, for I remember we have $820,000 of peas and beans under one contract.

"We know to a cent what it will cost. Anyone can figure the interest and insurance. When we can carry a case of goods for 20 or 24 cents for four months, every cost included, it's nothing but natural to buy a year's supply when the maker shades 50 cents off the price. More'n likely, we'll get him down 85 cents or a dollar.

"You see the chance we take isn't much. With our thousands of stores we're not dependent on the market to pay out. We can stage a 'special' sale any week we choose, all over our territory, and move the whole lot off the shelf. So, if the market drops, we'll save our skin; if it goes up, we'll cash in for an extra profit through our courage to buy when the manufacturer needed the money."

And, in introducing me that same day from the platform, the president of that voluntary chain told the members (all of whom were supposed to be wholesalers or officials of the headquarters staff):

"Many services our organization renders the wholesaler are intangible. They cannot be measured with the dollar sign. They are no less real, by being vague when laid alongside the yardstick, but one of them is susceptible to exact computation. That is warehousing.

"We, from headquarters, buy immense quantities of goods from the manufacturer when he needs the money. We purchase abroad when the price is right. We can calculate to a nicety what it will cost us to warehouse these goods until you wholesalers are ready for them. The warehouse rate is as definite as the freight rate.

"During the past two years our departments have listened to two most helpful talks about warehousing goods to cut costs. I have invited the same speaker here today to 'tell the warehouse story,' as he puts it, to you wholesalers, because I want you to use public warehouses more. You can save in your overhead, because your own houses are empty half the year and you can rush a carload of goods to the public warehouse just the way you rush to the railroad station for a ticket one minute before train time. The warehouse is there when you want it; when you don't, you don't have the worry about its taxes and carrying charges.

"Gentlemen, I present to you. . . ."

Readers of this page will be spared the rest of what the stenographer reports that he said, but warehousemen will do well to bear in mind that the voluntary chains of grocery stores hold greater promise of volume in public store than the regular chains ever controlled.

# Keeping the Manufacturer Sold on Public Warehousing

**Avoiding Loss of Accounts**

By JOHN H. FREDERICK

*Assistant Professor of Commerce and Transportation, University of Pennsylvania*

IN a previous article we dealt with some of the reasons why manufacturers change from public to private storage. In order to ascertain what might be done by individual warehousemen and the industry as a whole to prevent this loss of business a number of leading warehouse operators were asked to express their opinions on the subject. A surprising number of those who replied felt that little or nothing could be done. The following statements may be considered as typical of this attitude:

1. "When a manufacturer or wholesaler decides to establish his own warehouse, it seems to be almost impossible to persuade him that it would be to his best interest to continue with the public warehouse. In our business there are several good customers who have moved from our warehouse into their own buildings. I believe they know that it costs them quite a bit more but they seem to prefer to be off by themselves."

2. "We are unable to advise you what the warehousemen, individually or as an organization, can do to prevent the manufacturer of merchandise from taking such action as may be deemed fit to carry on his business, as his actions in this regard are entirely free from the possibility of injunction, incarceration or threat of bodily harm."

3. "At the present time I know of nothing that the warehouseman can offer to prevent the loss of this business. We have our costs pretty well fixed and as far as we can see the only thing that would prevent this business going out of our warehouse would be to reduce our costs and that we could not do and still maintain the service which we attempt to perform."

BY far the majority of those replying, however, took a more constructive stand. They indicate ways in which warehousemen are overcoming any tendency on the part of manufacturers to leave public warehouses once they have established a volume of business for their products in a particular territory.

One warehouseman said:

"In our opinion, the public warehouseman in order to prevent this must train his organization so that they have a full understanding of what the word 'service' means. Likewise they must effect such economies in their operation as will enable them to provide such service at a cost below that which it would cost the manufacturer in the event he used his own private storage. This is not at all impossible of attainment, since the public warehouse, handling all classes of business and specializing in distribution, should be able to effect economies that will enable them to handle storage and distribution cheaper than could a manufacturer who would be forced to establish his own organization to handle a comparatively small volume as compared with the volume handled by the public warehouseman."

**THIS is the second of two articles by Professor Frederick. Last month the author told why some manufacturers quit public for private storage. In this accompanying article he attempts to point out what warehousemen may do to avert such change.**

**Mr. Frederick will be recognized as an authority on the subject he is discussing. It is he who prepared for the national advertising committee of the American Warehousemen's Association the booklet "Increasing Your Sales Through the Use of AWA Merchandise Warehouses." In various business journals he has written extensively regarding warehouse and traffic problems.**

In this statement the warehouseman has concisely summed up one of the most important factors which influence manufacturers to start using and to continue using the services of public warehouses.

Another warehouseman remarked:

"If the proper warehousing connection is made manufacturers will not desert public warehouses after attaining volume distribution. A public warehousing organization should take an interest in the manufacturer's products, make a study of his requirements and render service to his customers. In other words, the warehouseman instead of attempting to sell a beautiful warehouse building with its artistic decorations, etc., should sell an idea, a plan, a service—something tangible, which the manufacturer will be able to convert into cash. Diligent appli-

cation to this policy, on the part of the warehouseman, should certainly bring good results."

Another comment along the same lines offers a constructive suggestion:

"By the public warehouseman actually studying the shipper's storage and operating costs, which report to the shipper will show him wherein he can better serve his own business by pooling with those other shippers served by a given warehouse, wherein each tenant shipper will benefit by the combined warehouse purchasing power of all of them."

Loss of volume business may be offset in a measure by changing the account from a package to a space basis, as is suggested by the following:

"There is an angle to this loss of business which warehouses might take advantage of and which we have been able to work out in one or two instances. We operate a great amount of floor space and we lease outright to various customers on a *per annum* basis for their use as a branch warehouse. When space is so leased we, of course, set a price on this space at a figure yielding a profit, for there is always a certain amount of service which has to be furnished. The direct handling of the goods, however, is taken care of by the manufacturer's own branch organization and it makes no difference to us whether they turn their stock six times a month or once a month. Our revenue is based upon the number of square feet which their lease calls for."

Another type of space-leasing is described by this warehouseman:

"There is very little that the public warehouseman can do to prevent this loss of business further than to strive for a most satisfactory service to offset any tendency his tenants might have toward moving. We have had several accounts of this type and in order to control their storage and drayage business we have leased a particular building that would be acceptable to our tenant, and, in order to make that particular building pay for itself, have employed a warehouseman to handle several accounts, usually of a similar nature, in connection with the one large account.

"This, then, gives the manufacturer a cheaper rental and a larger and more convenient space and also allows his offices to be in the same building with his merchandise. He has all of the conveniences he would have in his own branch warehouse and at the same time receives a cheaper warehousing service. It is rarely that one warehouse account will pay the salary of any one warehouseman and therefore the tenant would be saving the difference between the warehouse service charges made by ourselves and what he would pay his own warehouseman."

Several warehousemen suggested action along the following lines:

"As to what the public warehouse can do to prevent the loss of this business is a matter of the education of the manufacturers. This can be brought about in part, at least, through the educational, informative type of advertising campaign now being carried on by the merchandise division of the American Warehousemen's Association; as well as by introducing courses covering warehousing practices in institutions where business subjects are taught."

Summarizing these replies from warehousemen it can be said that the loss of developed accounts may be avoided or at least lessened by:

1. Developing public warehouse services to a high degree and offering these services to manufacturers at a cost so evidently below what it would cost them for similar private services, that they will not even think of leaving public warehouses. In the last analysis the manufacturer uses public warehouses because they handle his business for a fraction of the expense of any other method.

2. By making careful studies of manufacturer's distribution costs so as to determine and demonstrate the dollars and cents value of public warehouse storage.

3. By leasing space to a manufacturer in the warehouse or in another building, thus permitting him to have his own organization attend to the actual handling of his merchandise. The warehouseman would thus suffer the loss of the account in one sense, but would retain it in another.

4. By edcuating manufacturers and others as to the place of public warehouses in distribution. This to be accomplished chiefly through advertising campaigns such as that now being conducted by the American Warehousemen's Association merchandise division and also by the type of articles such as those which have been appearing in *Distribution and Warehousing* for several years, written by H. A. Haring.

There is no doubt that from the manufacturer's standpoint a practical warehousing and distributing system is a most profitable asset.

He must choose the system best adapted to his requirements whether it involves the use of public warehouses or the establishment of private warehouses.

The fact remains, however, that the economical storage and distribution of merchandise demands perfected handling facilities and detailed supervision.

Only a few manufacturers can support branch offices and private warehouses extensively, consequently only these larger ones have profited in the past from wide distribution and have been able to meet local competition in all parts of the country.

With the establishment of public warehouses for the distribution of merchandise, the public warehouse becomes the manufacturers' warehouse—one unit and medium for the distribution of his products. The manufacturer can profit by the adoption of the public warehouse system of distribution because a standardized product or service can always be bought for less than a specially made one.

If these points can be brought to the attention of manufacturers who might be considering abandoning the use of public warehouses in favor of private storage, the loss of volume business would be considerably lessened.

## *Texas Court Dismisses Case Against Warehouse Employee in Truck Law Controversy*

THE much discussed question as to whether the two new Texas truck laws went into immediate effect or were 90-day measures was decided in June by the Court of Criminal Appeals, at Austin, the court declaring they would not become effective until Aug. 22, or 90 days after the Legislature adjourned.

W. C. Morrow, presiding judge, wrote the opinion in a test case brought by Barney May, who is employed by the Sproles Transfer & Storage Co., Fort Worth. May was alleged to have driven a truck and trailer more than 45 feet long in violation of one of the laws. Judge Morrow ordered him discharged because the statute was not yet in effect.

The State's constitution provides that a bill must receive a two-thirds majority in each house to go into immediate effect. The original truck bills were given that majority, but the two Houses did not agree on the bills and a free conference committee was necessary. The House did not ratify the free conference bills by a two-thirds majority.

This was the first time that one of the State's high Courts had found it necessary to pass on the question of when a bill had to receive a two-thirds majority in order to go into immediate effect.

Judge Morrow pointed out that many material changes were made in House Bill 336, the law May was alleged to have violated, between the time it was first passed by a two-thirds vote and the time it was submitted by a free conference committee.

"While the terms of a bill when it passed third reading might invoke the majority requisite to put it into immediate effect, it might be subsequently so changed as to bring about a different view in the minds of many of the members of the law-making body, as illustrated in the present instance," Judge Morrow said.

Lawyers had been divided on the question. The Court was given two opinions from members of the attorney-general's department, one holding that the laws became effective immediately and the other saying it would not be operative until 90 days after adjournment.

Senator Frank Rawlings, Fort Worth, unceasing opponent of the truck laws, was May's attorney.

After the Court's decision had been entered, the Railroad Commission explained that truck operators would not have to obtain permits under the new statutes until after Aug. 22.

# Features of N. F. W. A. Summer Convention

By

KENT B. STILES

THE outstanding features of the twelfth semi-annual meeting of the National Furniture Warehousemen's Association, held in the Grand Hotel on Mackinac Island, Mich., July 14 to 19, were these:

1. The position of the National's long distance moving-by-truck organization, the Allied Van Lines, Inc., was materially strengthened through adoption of two resolutions requiring unqualified cooperation with Allied by all National members who, not agents of Allied, do a long distance moving business. Barrett C. Gilbert, New York, was elected Allied's president.

2. Announcement was made by Floyd L. Bateman, Chicago, chairman of the container committee, that an appeal would be made to the Interstate Commerce Commission for third class freight rates on household goods transported by railroad car containers. The rail carriers, Mr. Bateman said, had assured their support "to any plan that would recapture traffic to the rails from the highway."

3. C. F. Basil Tippet, Toronto, chairman of the statistical committee, presented the first of its series of studies designed to disclose to each cooperating member company the latter's strong and weak points in business policy. This first study focussed attention on the local moving or cartage department and will be followed by reports on other departments.

While the attendance was smaller than at some of the previous summer assemblies at Macinac, it was obvious to the observer that the interest in constructive development was undiminished. And if it was the last one of the semi-annual conventions, as many National mmbers would have it because of the expense involved in holding two meetings a year, it will be against the wishes of ninety-two signers of a petition presented from the floor at Mackinac. This memorial, offered by Joseph R. Cochran, Minneapolis, on behalf of the signers, requested continuance of summer meetings as heretofore, "for the best interests of the association." The petition was referred to the board of directors.

**ON these two pages are presented the highlights of the N. F. W. A. convention at Mackinac.**

**A further outline will be published in the September issue.**

MARTIN H. KENNELLY, Chicago, in his report as president, drew from the international political and financial situation a lesson which he believed might be applied to warehousing as an industry.

"The quick response to our Government's proposal that a debt moratorium be in effect for one year throughout the world, as between governments," Mr. Kennelly said, "is evidence of the dependence of countries on each other to a more or less degree. We cannot be unmindful of other peoples. The policy of saying that we are sufficient unto ourselves, that we need no one else to grow and prosper, has been proven wrong.

"As with governments, so with individuals and the members of an industry. We cannot be unmindful of others in the industry if we are to have continued success and prosperity. That is the reason for the association. That is the reason why we must continue to work.

"Executives and owners of businesses must realize that the first sign of deterioration is the self-satisfied feeling that they can sit back and let the rest of the world go by. It just cannot be done. You must continue to take an interest in your business and continue to contribute your efforts for the common good, and according to your effort along these lines, proportionately will your business improve, and will your investment be safeguarded, and the institution which you have striven so hard to establish will continue in existence."

### *A Policy Essential*

An earlier part of Mr. Kennelly's report may be viewed in the light of the two resolutions later adopted strengthening the position of the Allied Van Lines.

"Your officers," he said, "have been distressed by the dropping from our ranks of some of the oldest members, because of their affiliation with a competing transportation agency.

"The question which is raised is not one to be decided on personal likes or sentiment. Upon its proper solution much depends.

"This competition, advertising storage and local moving, selecting a limited number of representatives in a city or territory, with prices differing from our members' tariffs, with no understanding of our ideals or purposes, our code of ethics and all that we have been building for years, cannot but be opposed to the interests and business of the majority of our members. Surely there would be nothing but trouble and conflict ahead if we did not take a definite and unmistakable stand that membership in this association would be forfeited if our members affiliated themselves with such interests.

"Long distance moving is becoming interwoven in our warehouse existence. It affects local activities; it affects our storage business. It surprises me, and I am sure it does you, to find firms who have been members of the association since its beginning, and who have received benefits, and who, of course, have contributed to the common good, who, in this period of business stress, forget the past, forget the benefit of

local associations, local group meetings, and decide that they need none of this in the future.

"And what is the lure that induces them to take this step? Nothing but what they could get within the industry, as I see it. They are offered a small additional commission at this time—but who knows, and what guarantee have they for the future, as to just what this commission will be? I am sure they have not looked at it in the broad and big way of which we know they are capable and which is expected of them.

"The real trouble right now is that there is not a great deal of long distance moving. 'Pastures afar are always greenest.' I cannot help but feel, however, that these members who have resigned will return to the association. We all make mistakes. I am sure they will not continue to sacrifice and undermine what is of real value for something of apparent temporary advantage. We will welcome them back to the councils of their friends, where they belong."

#### *A Warning by Morris*

Charles S. Morris, New York, whom the National elected as its first president at the organization meeting at Mackinac in 1920, alluded to the same general situation, in his speech at the convention banquet, when he said:

"To those selfish, self-centered individuals who in times of stress would desert their trade associations, local or national, and resort to artificial means and quick cure-alls, I send this warning:

"The knowledge, the experiences and the manifold advantages of cooperation are too valuable to be ignored. They have proved value and have clarified our problems and mapped our course successfully in the past and will do so again. Cooperation always had its value, and in these times its value has increased a thousandfold. Without the bulwark of background as is supplied by our associations, problems would be disastrously increased and no one could, with any degree of accuracy, predict how great the disaster might be. . . .

"No man in business is big enough to live unto himself alone. Our lives are too interwoven, our business relations are too interdependent, to contemplate the risk. . . . There is nothing wrong with your association, but there is something radically wrong with members who can't stand the acid test of adversity."

The two resolutions touched directly on the situation outlined by Mr. Kennelly. Both had earlier been adopted by the board of directors and were brought to the floor of the convention with the board's recommendation that they be adopted as association policy.

One was presented by Joseph W. Glenn, Buffalo, a director, and had been prepared by a special committee within the board. It alluded to "a type of competition in long distance cartage of household goods between cities throughout the country," and declared that while this type of competition could "in no sense be legally objected to," it appeared that "among the methods and devices employed by such competition is the lure of certain agency contracts, intended to divert and alienate members of this association from cooperation with other members."

The Glenn memorial continued that when the National's members "for purposes of temporary advantage enter into such contracts and agreements" they were in fact withdrawing from member cooperation "and making possible grave danger to the best interests of the great majority of those engaged in the business of warehousing and shipping household goods."

It should accordingly be the National's policy, the resolution concluded, "that members of this association who shall enter into such contracts and agreements and engage in the service of a concern or concerns not approved by the association shall be deemed guilty of failing to cooperate and not entitled to the benefits" and should tender their resignations "upon pain of being expelled."

The Glenn resolution was unanimously adopted without discussion.

The second memorial from the board was presented by W. I. Ford, a director, who was chairman of another special committee created by the board. This resolution led to nearly 50 minutes of discussion, as it was vigorously opposed by some of the members from the floor. It was finally adopted, but not unanimously. It reads:

"Resolved, that it shall be the policy of the association to require the full cooperation of its members in this connection [activities of the Allied Van Lines] as in all other matters undertaken by this association, and that where members are engaged in long distance moving they shall do so in full and complete cooperation with the plans of the N. F. W. A."

#### *An Amendment*

The discussion led to the addition of the words "where machinery for operation is set up or extended." Under this amendment, long distance movement by truck on the Pacific Coast is not at this time affected by the resolution.

President Kennelly, replying to a question during the discussion, explained that the resolution was not to be interpreted that every N. F. W. A. member must become either a hauling or a non-hauling agent of Allied but that every member was expected to cooperate with Allied even though not belonging to Allied. In other words, Allied's non-members would be expected to conduct their long distance moving so as in no way to undermine Allied with regard to tariffs, policies, etc.

The reports of the regional vice-presidents and of the various committee chairmen, including those of Mr. Bateman about containers and Mr. Tippet relating to statistical studies, will be summarized next month.

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### *The New A. V. L. Line-Up*

**PRESIDENT, Barrett C. Gilbert, vice-president, Gilbert Storage Co., Inc., New York City.**

**Secretary and general manager, Henry Reimers, Chicago, executive secretary, N. F. W. A.**

**Assistant general manager, Wilson Collin, Chicago.**

**Tresurer, Joseph H. Meyer, president, Federal Fire Proof Storage Co., Chicago.**

**Eastern vice-president, Joseph W. Glenn, president, O. J. Glenn & Son, Inc., Buffalo.**

**Central vice-president, Arthur A. Leonard, president, Leonard-Detroit Storage Co., Detroit.**

**Southeastern vice-president, George C. Harris, president, Harris Transfer & Warehouse Co., Birmingham.**

**Southwestern vice-president, G. K. Weatherred, vice-president, Dallas Transfer & Terminal Warehouse Co., Dallas.**

**Rocky Mountains vice-president, Robert V. Work, Weicker Transfer & Storage Co., Denver.**

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### *New Orleans Charter*

A charter has been issued in Louisiana to the Commercial Terminal Warehouse Co., Inc., with capital stock amounting to $15,000. E. B. Fontaine is president, Earl Guillot is secretary, and A. F. Schnauder is treasurer.

# Keeping One Step Ahead of Motor Freight Competition

## How Hartford Firm Has Met a Business Threat

By CHARLES B. BARR

THE warehouse with an established motor freight service will have a decided advantage over its competitor without such a facility, in the opinion of Edward G. Mooney, president and operating executive of the Hartford Despatch and Warehouse Company, Hartford, Conn. In the years ahead no warehouse, he believes, can expect to enjoy much business unless it either establishes or ties in with a motor freight line, and this will be true particularly with regard to pool car shipments. If the menace of the motor freight line depot, potentially a competing warehouse, is to be met by storage executives, they must get into the distribution business themselves, with trucks, and give their customers the service wanted, according to the Hartford warehouseman.

Mr. Mooney reached those conclusions some time ago; and, having decided, acted. Today his company is operating motor freight lines within a thirty-five to fifty-mile radius of each of its warehouses—in Hartford and Bridgeport, Conn., and Springfield, Mass.—and has succeeded to an appreciable extent in preventing "outside" motor freight storage depots from providing serious competition.

By furnishing a combination storage and truck distribution service, coupled with a policy of cooperation with the railroad, this New England organization today has a decided advantage in its battle with independent motor freight operators.

"Conditions are constantly changing," to quote Mr. Mooney. "Competition is keener than ever. The warehouseman who keeps in close contact with his customers—and operation of a motor freight service affords opportunity for that—is in a better position to help them solve their problems as well as his own and to keep the business within his own doors."

Mr. Mooney tells the writer further:

"WE operate a daily service with our own trucks, to and from our warehouses. Equipment leaves our warehouses in the early morning, loaded with warehouse shipments as well as goods which we have picked up from the local merchants for delivery to the principle points along the route.

"In addition, we operate a daily express car service to and from Boston, Mass. The New York, New Haven & Hartford Railroad, of course, performs the haul. Shipments consist of all sorts of merchandise foodstuffs and perishable goods. These shipments are picked up during the day in the cities of Hartford and Boston, and are loaded in their respective cars in each city during the latter part of the day. The New Haven road gives a splendid service in the handling of these cars. They are taken from our siding at the close of the business day, and spotted on our siding at destination in the early morning.

"Our main warehouse is located in East Hartford, Conn., just across the river from Hartford proper, less than one mile from the center of the city of Hartford. When the train pulls into Hartford, it stops at our siding, the cars are switched onto the siding and the train proceeds to Hartford proper.

"Naturally cars placed on our siding are available for unloading and delivery two or three hours before cars are spotted in Hartford. This gives us a big advantage in the matter of time, as it makes it possible to effect deliveries to

*Edward G. Mooney, Hartford warehouseman who is solving motor freight problem in southeastern New England*

the business houses around seven o'clock in the morning, when the streets and traffic conditions are ideal for the dropping off of large shipments of perishable and merchandise freight.

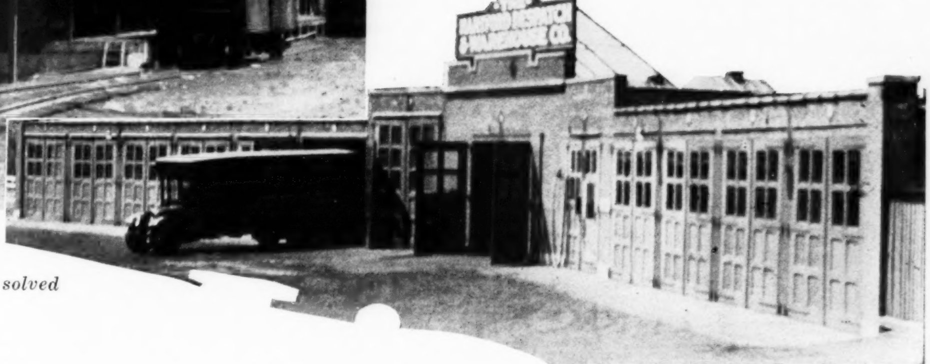
"These same conditions enter into the picture at night. The Hartford Despatch loads cars for Boston as late as seven and eight o'clock. Then, when the train leaves Hartford proper for Boston, a switcher is dispatched to the company's siding at East Hartford and cars are coupled onto the train as it passes throughm East Hartford.

"All this gives our company two to three extra hours at the beginning and the end of the day, in which to accumulate tonnage to and from Boston.

"Besides this express service, we operate a daily service by trucks to practically all the important towns and cities within a 35- to 50-mile radius of our warehouses. Of course, there are any number of small towns in which we do not have sufficient tonnage to operate a line ourselves. In such cases we turn this business over to reliable, independent, suburban companies who handle all shipments in accordance with our policy of distribution. By following this policy we permit independent lines to use our warehouse, but only on the handling of business which we turn over to them. There are few exceptions to this rule.

"At one time we permitted these different lines to accumulate tonnage and load and unload at our warehouses, but I found that in the majority of instances their service was not altogether reliable. That ~~prompted~~ a large number of complaints for which we ourselves were in no way responsible, but nevertheless the fact that they used our terminal resulted in some little unfavorable reaction on the part of the shippers. So we were obliged to discontinue this policy.


*Above—Railroad facilities are essential if the motor freight problem is to be solved*



*Below — The garage which houses motor truck fleet of Hartford Despatch*

hope to receive from our motor freight line competitor.

"Even though in the final analysis the rates that we charge are higher than those offered by the competing carriers, our customers seldom consent to turn their business over to them. The customer usually realizes that it would result in considerable confusion and that he would probably be penny-wise and pound foolish in making a change.

"Through our distribution facilities we are able to take care of the entire State of Connecticut and the western part of Massachusetts. Therefore, a traffic manager or sales manager of a national distributor has only one concern to deal with in the distribution of his product in that wide area. This means a considerable saving when its auditors visit the territory to verify inventories of sales and distribution records.

"Of course, the other facilities which we have to offer, such as the downtown office at 252 Asylum Street, Hartford, where we furnish desk room with telephone and stenographic service, saves the national distributor the necessity of having a representative waste time to find desk room, along with the other incidentals that go to make a complete service.

"The distributors can forward their mail in our care; hold their sales meetings in a room set aside for this purpose at our office; can notify their customers as to what their address will be so that they can have direct contact with them. This is a very, very important point, and quite frequently their customers will call us, even before the shipment has arrived or the company's representative has come into our territory, to ask for certain information. We have found that by promptly notifying our clients, either by letter or wire, in the event of refusal by their clients, we have helped them considerably in their sales problem. This is another reason why they prefer our service to that of motor freight lines which may have no other interest than delivery of the shipment itself.

"We have been faced many times with the serious threat of independent motor freight line companies going into the warehouse business, but because of the

"We operate a daily service with our own equipment to Springfield, Worcester and Boston. The Boston business which we handle is packed in such a manner that it is not possible to have same included in the express car. An advantage we have over competing motor freight lines is that we take in a much larger radius than that in which they can possibly hope to operate. This applies particularly to pool car shipments. All pool car shipments to suburban points are handled by our own equipment, and this, in the event of a claim, has distinct advantages. If goods are refused for any reason whatever, they are, of course, stored in one of our warehouses and not in a motor truck terminal where they might be shoved into a corner and overlooked, or perhaps stored under improper conditions until orders for distribution could be obtained.

"Then, too, having our own warehouses we are often in a position to hold shipments awaiting the call from the shipper's client. Quite frequently concerns wish to haul their freight with their own trucks. This is particularly true of large wholesale grocers in the outlying districts; they send their equipment into Hartford peddling loads, and then have their trucks call at our warehouse to pick up their shipments and bring them back to their own doors.

"In our organization we have a trained traffic manager who is thoroughly familiar with all the rail and express rates, and who looks after the prepaying of shipments, making cut order bills of lading, collecting C. O. D.'s, etc. These, of course, are only a part of his duties, but it requires the services of an individual who is trained in this particular line. Oftentimes motor truck companies do not, and cannot, afford the services of an individual of this kind.

"Competing truck lines have time and again approached our clients and endeavored to take away the business which we had. Sometimes they have been successful, but in the majority of instances when we find that one of our customers is dickering with a motor truck line we immediately get on the job and show that particular concern that we have a much broader service and a more reliable and complete service than he can

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**HOW the Hartford (Conn.) Despatch and Warehouse Company, operating in two of the New England States, has successfully met the threat of motor freight line competition is the story here told by Mr. Barr.**

**Edward G. Mooney, the firm's president, visualized the service essential to retain the business of national distributors approached by "outside" motor freight line interests. He developed just that service and holds the business today.**

**"We have been faced many times with the serious threat of independent motor freight line companies going into the warehouse business," Mr. Mooney tells the author, "but because of the fact that we have our own delivery service covering such a wide area we have been able to keep one step ahead."**

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large number of national accounts which we handle, together with the fact that we have our own delivery service covering such a wide area, we have been able to keep one step ahead of them most of the time. This is due to the fact that we have such a large volume of business over which we control the routing.

"This enters into the picture very strongly, as we are always assured of sizable loads both ways. We have several national accounts whose distribution we handle in the entire State of Connecticut as well as western Massachusetts. In this way we can make up our loads and regulate them so that the best interests of all are served.

"There is no use disguising the fact that, unless we watch each and every angle of the business closely, competitive truck lines will always offer serious competition. However, every effort is made to render a service superior in all its different phases to that offered by the independents, and then it narrows down to a plain case of selling our service to our clients.

"We have had to do this more during the past year than ever before. We have the satisfaction, however, that we are doing better than holding our own. In fact, some of the trucking companies have lost business to us, instead of taking it away.

"All warehousemen must pay particular attention to this end of the game and study it more than ever before to find ways and means to equal the service of any independent concern; otherwise the business will slowly slide out the door.

"The policy of the Hartford Despatch has always been 'The Shipper Be Pleased —Not Damned.' If we hear of a case where a truck line handling our shipments has failed to live up to this policy in its fullest meaning, we jump on the man responsible immediately. We never go into competition with an existing line unless it develops that the line cannot give the service to our customers which they and we demand.

"If it can't, then we will enter his field and handle the shipments ourselves. In a majority of cases, however, the independents are enabled to see the light and carry on in the manner expected of them. We take the responsibility for shipments entrusted to us by our customers, and so have to be pretty careful whom we permit to handle them. Of course, if a customer using our warehouse insists that the trucking be done by an independent concern specified by him, our responsibility ends at the loading platform."

### *Terminal for Independents*

At the Springfield branch the company acts as a terminal for several independent lines, and 'phone calls are taken for these lines as well as other services given.

In earlier days considerable shopping service for Hartford people and concerns was done in Springfield. Orders were telephoned to the Springfield branch, special rolling equipment maintained for the purpose was sent around to pick up the goods, and they were shipped to Hartford on the regularly scheduled trucks.

"Playing ball" with the railroad has been a powerful weapon in combating the threat of independent motor freight line incursion. Although the Hartford Despatch operates daily motor freight service between Hartford and Springfield, Hartford and Worcester, and Hartford and Bridgeport, apparently in competition with the railroad, relations between the warehousing concern and the New York, New Haven & Hartford are of the most cordial type. The Hartford Despatch downtown distribution headquarters is located in one end of the railroad's Hartford freight terminal.

### *The Railroad a Friend*

"Whenever the railroad can give the service, we give them the haul," Mr. Mooney explains. "Whenever we have a shipment which cannot go on our regular lines, the railroad is consulted, and not until the road is shown to be incapable of doing the job as it has to be done is the haul turned over to other agencies. We 'play ball' with them, and the railroad has always replied in kind. The railroad has to live as well as we do."

In addition to maintaining an office in the railroad freight depot, by virtue of which it secures a large part of the road's store door delivery (the road maintains no truck service of its own in Hartford), Hartford Despatch is also official trucker for the Hartford-New York steamship line, a subsidiary controlled by the railroad.

Forty-five trucks and cars comprise the mobile equipment of Hartford Despatch. These are kept in the company's own garage, adjacent to its warehouses. Gasoline is bought in carload lots, as are all other supplies for the firm. All servicing of equipment is done in the garage. No trailers are included in the fleet, most of the trucks being of 5- to 7½-ton capacity.

"Service" is stressed to the *n*th degree, according to Mr. Mooney. The company unloads a number of carloads of new automobiles, and it is a practice when automobiles are received at the warehouse to see that they are polished off, serviced with gasoline and oil, and made completely ready to be driven away by the consignee agents.

The problem of keeping records, getting in prompt reports, and doing business in a business-like way, insofar as inventories, billing, etc., are concerned, is another one of the company's strongest weapons.

"Particular attention is paid to getting all shipments off on which orders are received in the mail in the morning," Mr. Mooney states. "We have a post office drawer at the Hartford post office and use it entirely to speed up our service. Our first call for mail is made at 6 in the morning, and second call at seven o'clock, and the third at 8:30. Not infrequently orders received in the last mail for points fifty miles from our warehouses are delivered before noon of that day.

"Many independent motor truck concerns are unfortunate in that the owners or operators have not had an opportunity to acquire other than an ordinary grammar school education; therefore, unless they have someone to handle the detail work necessary in the making out of reports, etc., oftentimes their method of keeping records entails, through ignorance, considerable delay, annoyance and correspondence between shippers and themselves.

"The Hartford Despatch has spent considerable money and effort in its endeavor to keep its records up to the minute and instantly accessible. In the company's vaults are stored records covering the very first deliveries ever made by us. Only recently it was necessary to prove delivery on a shipment which was handled by us seven years ago. That, of course, was an exceptional case. By law we are not required to keep delivery records for this period of time; however, keeping records up to date and accessible is another selling argument for the warehouseman.

"Then, too, we can point out our investment in land and buildings. This, with the fact that we have been in business a number of years, when brought to the attention of prospective customers, reacts favorably in our behalf.

"While it is true that a great many business deals have been decided on price alone, particularly during the depression, nevertheless many shippers, after suffering losses through some independent lines which have gone out of existence, are beginning to look to the concern that has an established investment and bright prospects of remaining in business for some time to come."

Washing machines, Pyrofax equipment and other domestic appliances are not merely dumped on the householder's porch when delivery is ordered, but are carried into the kitchen or wherever desired and actually installed by employees of Hartford Despatch, if desired.

The success of the Hartford Despatch policy proves that *distribution in its complete sense is the warehouseman's best weapon against motor freight lines.* Not merely delivery, but alert service all the way through, is necessary if the warehouse is to hold its business against "outside" motor freighting.

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### *Shank Opens in Paris*

The Shank Fireproof Warehouse Co., Indianapolis, has opened an office at 194 Rue Championnet, Paris, to accommodate packing, shipping and storage needs of Americans travelling abroad. The office is in charge of M. Viego.

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### *New Birmingham Firm*

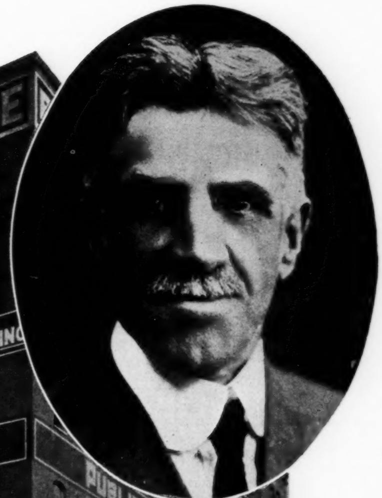
The Fleming Transfer & Warehouse Co. has entered the storage business with a plant at 2305-2307 Morris Avenue, Birmingham, Ala.

*Success Stories*

# Let's Take the Family Album Out of Storage!

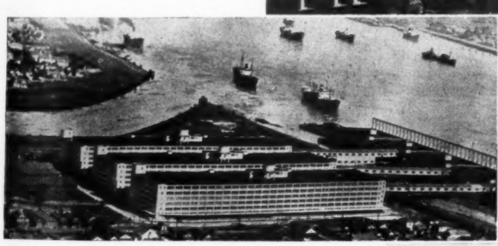
## No. 103
## Wil H. Douglas

By R. A. SULLIVAN

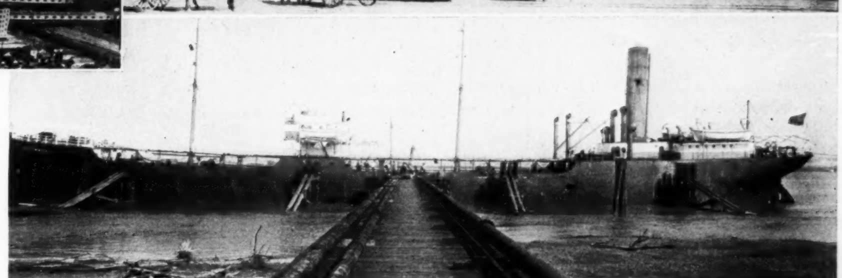


*In oval, Wil H. Douglas, president of the Douglas Public Service Corp., Inc., New Orleans*


*Right—A merchandise warehouse of the Douglas firm*



*Below—The $15,000,000 wartime Army Supply Base in which Mr. Douglas's new organization, the Douglas Shipside Storage Corporation, operates 500,000 sq. ft. of floor space—at junction of Navigation Canal and Mississippi River*



*Right—Part of the Douglas company's bulk liquid terminal and storage unit, with capacity of 7,500,000 gallons*

A MAN writes his own ticket. That is to say, he determines the degree of success he thinks is his due and he is likely to stop when he reaches it. That's about the way Wil H. Douglas of New Orleans looks at it.

Some forty years ago he operated a few drayage wagons and cotton floats around the cobbled streets and loblolly lanes of the Crescent City. The business had been established by his father. It was a good business, too, and plenty large enough to have satisfied many a man. That volume of business may have meant the end of the line for many but to Wil Douglas it was only the beginning. He wanted his ticket to carry him farther.

It has. Just about the time one might suppose he has extracted the final drop of service out of a warehouse,

(Concluded on page 54)

# Occupancy Averaged 65.4 Per Cent on May 31

**New Low Mark Recorded by Department of Commerce**

By KENT B. STILES

## PUBLIC MERCHANDISE WAREHOUSING

### April-May, 1931

| Division and State | Per Cent of Floor Space Occupied | | TONNAGE: Received During Month | | TONNAGE: Equivalent No. of Lbs. per Sq. Ft. | | TONNAGE: Delivered on Arrival | | TONNAGE: Equivalent No. of Lbs. per Sq. Ft. | |
|---|---|---|---|---|---|---|---|---|---|---|
| | April | May | April | May | April | May | April | May | April | May |
| NEW ENGLAND (Total) | 53.4 | 53.4 | 13,873 | 17,170 | 8.3 | 12.4 | 5,156 | 5,562 | 3.1 | 4.0 |
| Vermont and New Hamp.. | 78.9 | 83.8 | 200 | 300 | 5.6 | 9.7 | ...... | ...... | .... | .... |
| Massachusetts | 48.6 | 49.0 | 9,261 | 12,559 | 7.7 | 13.7 | 2,446 | 2,222 | 2.0 | 2.4 |
| Connecticut | 62.1 | 60.7 | 1,374 | 1,204 | 6.3 | 5.4 | 2,365 | 2,960 | 10.9 | 13.4 |
| Rhode Island | 68.7 | 68.3 | 3,038 | 3,107 | 14.4 | 14.7 | 345 | 380 | 1.6 | 1.8 |
| MIDDLE ATLAN. (Total) | 61.2 | 60.8 | 97,567 | 102,207 | 14.3 | 14.8 | 10,881 | 11,063 | 1.6 | 1.6 |
| N.Y. Metropolitan Dist. | | | | | | | | | | |
| Total (1) | 60.6 | 59.9 | 63,618 | 66,270 | 13.0 | 13.1 | 2,662 | 3,283 | 0.5 | 0.6 |
| Brooklyn | 58.4 | 58.9 | 27,317 | 33,340 | 9.0 | 11.1 | 1,650 | 1,973 | 0.5 | 0.7 |
| Manhattan | 66.2 | 65.0 | 9,112 | 10,119 | 12.5 | 12.1 | 182 | 189 | 0.2 | 0.2 |
| Nearby New Jersey | 57.7 | 55.2 | 22,564 | 15,832 | 22.6 | 15.7 | 830 | 1,121 | 0.8 | 1.1 |
| All Other | 51.5 | 48.6 | 4,625 | 6,979 | 36.3 | 31.4 | ...... | ...... | .... | .... |
| N. Y., except Met. Dist. | 62.2 | 61.7 | 10,531 | 10,746 | 13.9 | 14.7 | 4,817 | 4,068 | 6.3 | 5.6 |
| N. J., except Met. Dist. | 60.4 | 61.4 | 1,653 | 1,222 | 17.4 | 20.9 | 112 | 152 | 1.2 | 2.6 |
| Pennsylvania | 63.5 | 64.7 | 21,765 | 23,969 | 19.8 | 22.6 | 3,290 | 3,560 | 3.0 | 3.4 |
| E. NO. CENTRAL (Total) | 71.8 | 71.8 | 92,453 | 91,626 | 20.0 | 19.9 | 17,569 | 18,790 | 3.8 | 4.1 |
| Ohio | 74.7 | 74.4 | 23,847 | 20,743 | 18.4 | 16.1 | 5,938 | 4,837 | 4.6 | 3.8 |
| Indiana | 76.3 | 75.8 | 6,393 | 6,956 | 17.1 | 19.8 | 1,945 | 1,835 | 5.2 | 5.2 |
| Illinois, except Chicago | 72.1 | 70.6 | 5,524 | 7,988 | 24.1 | 31.6 | 1,874 | 1,872 | 8.2 | 7.4 |
| Chicago | 74.6 | 74.5 | 39,087 | 36,948 | 26.5 | 24.8 | 2,468 | 3,910 | 1.7 | 2.6 |
| Michigan | 64.5 | 65.9 | 12,837 | 13,172 | 13.8 | 14.5 | 3,074 | 3,110 | 3.3 | 3.4 |
| Wisconsin | 63.3 | 62.6 | 4,765 | 5,819 | 15.2 | 18.9 | 2,270 | 3,226 | 7.3 | 10.5 |
| W. NO. CENTRAL (Total) | 70.9 | 70.5 | 45,773 | 44,030 | 18.4 | 17.8 | 17,499 | 14,629 | 7.0 | 5.9 |
| Minnesota, except Minneapolis and St. Paul | 63.2 | 64.7 | 987 | 2,081 | 11.7 | 24.8 | 1,907 | 978 | 22.7 | 11.6 |
| Minneapolis & St. Paul | 69.6 | 69.4 | 11,342 | 12,369 | 16.4 | 16.9 | 5,138 | 5,015 | 7.4 | 6.9 |
| Iowa | 62.8 | 64.1 | 6,015 | 5,549 | 16.3 | 17.2 | 2,840 | 1,970 | 7.7 | 6.1 |
| Missouri, except St. Louis | 76.3 | 73.3 | 11,302 | 5,848 | 22.1 | 12.9 | 3,489 | 3,092 | 6.8 | 6.8 |
| St. Louis | 74.6 | 73.2 | 3,237 | 2,855 | 10.4 | 9.2 | 317 | 435 | 1.0 | 1.4 |
| North Dakota | 66.7 | 64.3 | 2,120 | 1,845 | 18.1 | 15.8 | 357 | 236 | 3.1 | 2.0 |
| South Dakota | 72.0 | 75.5 | 956 | 1,054 | 12.4 | 13.7 | 400 | 426 | 5.2 | 5.5 |
| Nebraska | 72.2 | 72.7 | 6,518 | 8,930 | 26.5 | 36.3 | 2,170 | 1,725 | 8.8 | 7.0 |
| Kansas | 73.3 | 74.8 | 3,296 | 3,499 | 39.0 | 27.5 | 881 | 752 | 10.4 | 5.9 |
| SOUTH ATLANTIC (Total) | 68.1 | 66.8 | 27,215 | 32,842 | 16.7 | 20.9 | 9,404 | 13,399 | 5.8 | 8.5 |
| Maryland and Delaware | 62.7 | 61.5 | 11,779 | 12,258 | 12.4 | 13.6 | 1,682 | 1,471 | 1.8 | 1.6 |
| District of Columbia | 74.9 | 76.6 | 2,019 | 1,866 | 21.3 | 19.7 | 1,649 | 1,787 | 17.4 | 18.9 |
| Virginia | 85.7 | 82.8 | 2,638 | 2,741 | 20.3 | 21.2 | 681 | 813 | 5.2 | 6.3 |
| West Virginia | 84.4 | 82.7 | 1,292 | 1,208 | 15.8 | 14.7 | 566 | 594 | 6.9 | 7.2 |
| North and South Carolina | 67.7 | 65.8 | 2,203 | 2,157 | 18.0 | 18.7 | 527 | 527 | 4.3 | 4.6 |
| Georgia and Florida | 71.1 | 69.3 | 7,284 | 12,612 | 29.3 | 50.7 | 4,299 | 8,197 | 17.3 | 32.9 |
| SOUTH CENTRAL (Total) | 67.9 | 65.2 | 38,220 | 33,986 | 17.0 | 16.8 | 15,601 | 14,188 | 6.9 | 7.0 |
| Kentucky and Tennessee | 68.9 | 57.8 | 3,346 | 2,956 | 11.7 | 9.8 | 1,836 | 2,606 | 6.5 | 8.7 |
| Alabama and Mississippi | 65.7 | 67.6 | 1,179 | 1,331 | 11.7 | 13.2 | 1,379 | 1,012 | 13.7 | 10.0 |
| Arkansas | 69.5 | 71.4 | 2,053 | 1,721 | 16.2 | 13.6 | 917 | 915 | 7.2 | 7.2 |
| Louisiana | 66.6 | 68.4 | 11,853 | 11,850 | 13.3 | 14.0 | 523 | 424 | 0.6 | 0.5 |
| Oklahoma | 76.6 | 79.1 | 11,289 | 9,296 | 90.5 | 81.0 | 7,082 | 5,006 | 56.8 | 43.6 |
| Texas | 67.8 | 63.0 | 8,500 | 6,832 | 11.7 | 12.8 | 3,862 | 4,225 | 5.3 | 7.9 |
| MOUN. and PAC. (Total) | 69.5 | 71.3 | 56,603 | 53,805 | 19.6 | 21.4 | 26,199 | 27,481 | 9.1 | 10.9 |
| Idaho and Wyoming | 69.5 | 74.5 | 296 | 401 | 10.2 | 12.8 | 350 | 460 | 12.0 | 14.7 |
| Montana | 77.1 | 75.5 | 405 | 248 | 8.6 | 6.1 | 375 | 212 | 7.9 | 5.2 |
| Arizona and New Mexico | 69.0 | 71.2 | 632 | 543 | 5.4 | 6.6 | 778 | 867 | 6.6 | 10.6 |
| Utah | 60.7 | 62.2 | 1,915 | 1,389 | 17.2 | 17.2 | 295 | 12 | 2.6 | 0.1 |
| Colorado | 75.4 | 72.5 | 1,528 | 1,226 | 11.4 | 10.3 | 1,362 | 1,561 | 10.2 | 13.2 |
| Washington | 74.0 | 77.9 | 4,894 | 3,663 | 17.4 | 18.8 | 3,303 | 2,764 | 11.7 | 14.2 |
| Oregon | 64.0 | 63.2 | 16,348 | 26,074 | 65.2 | 102.8 | 11,408 | 12,889 | 45.5 | 50.8 |
| California | 69.2 | 71.8 | 30,588 | 20,261 | 16.0 | 11.8 | 8,328 | 8,716 | 4.4 | 5.1 |
| TOTALS FOR UNITED STATES | 65.9 | 65.4 | 371,707 | 375,666 | 16.6 | 17.5 | 102,309 | 105,112 | 4.6 | 4.9 |

(1) Because of the importance of this territory, figures are shown separate from the State totals.

ANOTHER new low record in average occupancy of public merchandise warehouses is indicated by the Government's most recently available figures, issued at Washington on July 11 by the Department of Commerce.

On this past May 31 the occupancy percentage was 65.4. The previous low was 65.9 on April 30.

The recession has been uninterrupted since the 70.4 per cent reported on the last day of 1930. The subsequent marks have been 68.9 on Jan. 31, 67.9 on Feb. 28, 66.8 on March 31, 65.9 on April 30, and 65.4 on May 31.

The provisional May percentage, 65.4, is lower than the occupancy reported for the same date in each of the past three years. The comparisons:

| | 1928 | 1929 | 1930 | 1931 |
|---|---|---|---|---|
| May 31 | 68.6 | 71.0 | 70.3 | 65.4 |

The tonnage figures in the accompanying April-May table indicate that in May a smaller percentage of goods entered storage (out of total volume received) during May than in April.

In May 480,778 tons arrived at the reporting warehouses; of this volume, 375,666 tons, or 78.1 per cent, went into storage, the balance being delivered on arrival. In April the total arriving volume was 474,016 tons, of which 371,707 tons, or 78.4 per cent, entered storage, the balance being delivered on arrival.

The 78.1 per cent for May is lower than the mark for the same month last year, but is higher than either of the marks for the same month in the previous two years, as the following comparisons indicate:

| | 1928 | 1929 | 1930 | 1931 |
|---|---|---|---|---|
| May | 76.7 | 77.6 | 80.3 | 78.1 |

### *Occupancy*

THE 4.9 per cent average decline in occupancy, for the entire country, this past May 31, from the level recorded on the previous year's corresponding date, was not reflected in Vermont, New Hampshire, Connecticut, Rhode Island, St. Louis, Nebraska, District of Columbia, the Virginias, Georgia-Florida, Oklahoma, Texas, Arizona-New Mexico, Colorado, Washington and California. In those sections there were gains reported. Elsewhere there were recessions.

The following comparisons are available across four years:

| | Occupancy—May 31 | | | |
|---|---|---|---|---|
| | 1928 | 1929 | 1930 | 1931 |
| Mass.-Vt. | 41.1 | 52.1 | ... | ... |
| Mass.-Vt.-Maine | ... | ... | 50.7 | ... |
| Vt.-N. H. | ... | ... | ... | 83.8 |
| Massachusetts | ... | ... | ... | 49.0 |
| Conn.-R. I. | 46.2 | 65.9 | 55.5 | ... |
| Connecticut | ... | ... | ... | 60.7 |
| Rhode Island | ... | ... | ... | 68.3 |
| N. Y. Met. Dist. | 80.7 | 76.4 | 72.3 | 59.9 |
| Brooklyn | 80.7 | 78.3 | 72.1 | 58.9 |
| Manhattan | 78.7 | 69.9 | 75.8 | 65.0 |
| Nearby N. J. and others | 82.0 | 77.7 | 68.0 | ... |
| Nearby N. J. | ... | ... | ... | 55.2 |
| All other | ... | ... | ... | 48.6 |
| N. Y. State | 78.1 | 74.3 | 73.5 | ... |
| N. Y. State except Met. Dist. | ... | ... | ... | 61.7 |
| N. J. State | 80.1 | 78.1 | 65.8 | ... |
| N. J. State except Met. Dist. | ... | ... | ... | 61.4 |
| Pennsylvania | 77.1 | 71.6 | 70.6 | 64.7 |
| Ohio | 81.7 | 89.2 | 80.3 | 74.4 |
| Indiana | 72.5 | 80.3 | 81.4 | 75.8 |
| Illinois | 74.0 | 78.6 | 76.9 | ... |
| Ill. except Chicago | ... | ... | ... | 70.6 |
| Chicago | 74.8 | 79.0 | 77.9 | 74.5 |
| Michigan | 77.9 | 70.9 | 73.5 | 65.9 |
| Wisconsin | 63.1 | 88.2 | 72.6 | 62.6 |
| Minnesota | 70.4 | 71.5 | 71.3 | ... |
| Minn. except Mpls. and St. Paul | ... | ... | ... | 64.7 |
| Mpls. and St. Paul | 71.5 | 71.6 | 71.2 | 69.4 |
| Iowa | 55.8 | 69.2 | 67.7 | 64.1 |
| Missouri | 72.2 | 82.0 | 75.7 | ... |
| Mo. except St. Louis | ... | ... | ... | 73.3 |
| St. Louis | 69.5 | 82.1 | 70.8 | 73.2 |
| Mo. and So. Dakota | 78.6 | 92.8 | 76.5 | ... |
| North Dakota | ... | ... | ... | 64.3 |
| South Dakota | ... | ... | ... | 75.5 |
| Nebraska | 67.9 | 69.7 | 59.9 | 72.7 |
| Kansas | 85.0 | 80.0 | 78.2 | 74.8 |
| Del.-Md.-D. C. | 49.2 | 51.6 | 71.3 | ... |
| Del.-Md. | ... | ... | ... | 61.5 |
| Dist. of Columbia | ... | ... | ... | 76.6 |
| Va. and W. Va. | 54.9 | 70.4 | 80.8 | ... |
| Virginia | ... | ... | ... | 82.8 |
| West Virginia | ... | ... | ... | 82.7 |
| Carolinas | 55.3 | 68.1 | 68.6 | 65.8 |
| Ga.-Fla. | 60.7 | 75.7 | 60.4 | 69.3 |
| Ky.-Tenn. | 61.7 | 77.3 | 62.5 | 57.8 |
| Ala.-Miss. | 82.5 | 75.9 | 69.9 | 67.6 |
| Ark.-La.-Okla. | 56.6 | 77.4 | 72.8 | ... |
| Arkansas | ... | ... | ... | 71.4 |
| Louisiana | ... | ... | ... | 68.4 |
| Oklahoma | ... | ... | ... | 79.1 |
| Texas | 46.1 | 44.6 | 58.8 | 63.0 |
| Idaho-Wyo. Mont. | 68.7 | 65.1 | 75.9 | ... |
| Idaho-Wyoming | ... | ... | ... | 74.5 |
| Montana | ... | ... | ... | 75.5 |
| Utah-Nev.-N. M. | 67.9 | ... | ... | ... |
| Ariz.-Utah-Nev.-N. M. | ... | 73.2 | ... | ... |
| Ariz.-Utah-N. M. | ... | ... | 67.9 | ... |
| Ariz.-N. M. | ... | ... | ... | 71.2 |
| Utah | ... | ... | ... | 62.2 |
| Colorado | 76.7 | 72.6 | 71.2 | 72.5 |
| Washington | 52.9 | 69.4 | 68.9 | 77.9 |
| Oregon | 71.7 | 70.3 | 70.5 | 63.2 |
| California | 75.0 | 77.6 | 71.0 | 71.8 |
| Average for U. S. | 68.6 | 71.0 | 70.3 | 65.4 |
| Warehouses reporting | 1087 | 1223 | 1488 | 1368 |

Comparing the May 31 occupancy percentages (which are provisional) on the opposite page with those of April 30, it is disclosed that the decline of five-tenths of one per cent is not reflected in Vermont-New Hampshire, Massachusetts, Brooklyn, New Jersey out the metropolitan district, Pennsylvania, Michigan, Minnesota outside the Twin Cities, Iowa, South Dakota, Nebraska, Kansas, District of Columbia, Alabama-Mississippi, Arkansas, Louisana, Oklahoma, Idaho-Wyoming, Arizona-New Mexico, Utah, Washington and California. Elsewhere there were recessions.

### *Tonnage*

As already pointed ount, the percentage of volume which entered storage in May, out of the total arriving tonnage, was smaller in the 1931 month than in May of 1930, the drop being 2.2 per cent for the entire country. By divisions the comparisons across four years are as follows:

| | Percentage Entering Storage—May | | | |
|---|---|---|---|---|
| | 1928 | 1929 | 1930 | 1931 |
| New England | 74.4 | 86.1 | 79.8 | 75.5 |
| Middle Atlantic | 74.7 | 88.4 | 91.3 | 90.2 |
| East North Central | 87.1 | 86.6 | 83.1 | 83.0 |
| West North Central | 73.7 | 72.3 | 77.7 | 75.1 |
| South Atlantic | 79.6 | 47.6 | 77.5 | 71.0 |
| East South Central | 75.3 | 78.9 | 71.4 | 54.2 |
| West South Central | 74.3 | 75.7 | 75.5 | 74.2 |
| Mountain | 68.5 | 56.2 | 56.1 | 55.0 |
| Pacific | 60.4 | 72.2 | 67.1 | 67.2 |
| Entire country | 76.7 | 77.6 | 80.3 | 78.1 |
| Warehouses reporting | 1087 | 1224 | 1488 | 1119 |

Comparing this past May's percentages with those recorded for April, it is found that a decline of 0.3 per cent was reported for the entire country. The recession was led by the Mountain district with 5.2 per cent. The comparisons by divisions for the two months follow:

| | Percentage Entering Storage—1931 | | |
|---|---|---|---|
| | April | May | Change |
| New England | 72.9 | 75.5 | +2.6 |
| Middle Atlantic | 90.0 | 90.2 | +0.2 |
| West North Central | 84.0 | 83.0 | —1.0 |
| East North Central | 72.3 | 75.1 | +2.8 |
| South Atlantic | 74.3 | 71.0 | —3.3 |
| East South Central | 58.4 | 54.2 | —4.2 |
| West South Central | 73.1 | 74.2 | +1.1 |
| Mountain | 60.2 | 55.0 | —5.2 |
| Pacific | 69.2 | 67.2 | —2.0 |
| Entire country | 78.4 | 78.1 | —0.3 |
| Warehouses reporting | 1161 | 1119 | |

## *Assistant Secretary of Commerce Klein Emphasizes Value of Knowledge of Facts About Business Conditions*

Better knowledge of all phases of the intricate operation of industry, wider distribution of facts, and the institution of effective research into economic factors, are methods of making for business stability and of getting away from the impulse to unsound expansion, Dr. Julius Klein, Assistant Secretary of Commerce, said in an address over the network of the Columbia Broadcasting System on July 26.

From the last two depressions, Dr. Klein declared, "we see that this industrial civilization of ours has got to balance itself—it must match production to consumption—and must arrange to keep up the consuming power which underlies markets."

Alluding to the revised *Survey of Current Business* of the Department of Commerce, Dr. Klein said:

"I can think of no more valuable service to our anxious merchants and manufacturers than is presented in giving them some specific information—not gossip or pleasant soporific pink pellets of optimism—but rather the means whereby they can inform themselves as to the actual situation and then do their own thinking and their own planning.

"The uncertainties of business these days can be cleared, its doubts can be dispelled, by just one thing—facts, well developed facts. Hence the importance of this new effort on the part of the Commerce Department to bring together in plainly understandable form all the current facts on business. The magazine is chock full of statistics, and illustrated with only those wavy-lined graphs which are based on statistics—but they are carefully selected statistics, with all the detail and the nonessential eliminated, which present in high lights just the facts the average business man wants. Now, above all other times, must our business planning be based on facts. . . . .

"Do you wonder how the mere collection and distribution of statistics through the survey periodical is going to assist the functions of this great business structure? We all like to poke fun at statistics, but even the jests render a tribute to the respect we must all pay these instruments of exact measurement. Our whole trouble in this slump originated largely in the fact that we had too much guesswork, too much easy-going playing hunches. And so I do not believe it possible to overrate the importance of these new statistical studies to American enterprise.

During the past ten years, American business has been making a fine and at least partially successful struggle to develop and apply scientific methods to its own conduct. The art of business management is still surroundod by much mystery, but nevertheless there has been a tremendous evolution of system experienced in its field. Business decisions are coming to be based more and more upon precise and tested knowledge; and such knowledge is best expressed—solely expressed, I might say—in the tables and symbols like those which this monthly survey presents.

"Prior to recent years the great mass of business resulted from the instinctive guessing of successful men, and from the rule-of-thumb traditions in each industry, being always under the sway of impressions spread by speculative performances in security and commodity markets. The alternate booms and slumps originating in the stock markets have particularly gained a control over business psychology, which nobody regrets more than the business man. He recognizes how terribly costly are the errors which this factor constantly introduces into his calculations. It is the nature of speculation alternately to advertise the immediate arrival of a golden age in which business is already expanding and profits are forever rising; and then to replace that expectation with panic which loses black despair as to any possibility of civilized continuing. Right now we are witnessing the last stage of one of those peak-valley episodes. Business is convalescing from the headaches produced by the towering

(*Concluded on page 47*)

# FROM THE LEGAL VIEWPOINT

By
LEO T. PARKER

### *Distinction Between Common and Private*

UNDER ordinary circumstances a private carrier is required to use only ordinary care in the transportation of merchandise and is not liable for its damage or destruction unless negligence on his part is proved.

Obviously the liability of a common carrier is considerably greater for loss of goods than that assumed by a private carrier. In other words various Courts have held that a common carrier is liable for damage or destruction unless it is shown that the damage resulted from an act of God, or inherent quality of the goods, or an enemy to the United States, or from negligence of the shipper himself.

A common carrier is one who holds himself out as such. He undertakes generally and for all persons *indifferently* to carry goods and deliver for hire. Moreover his public profession of his employment must be such that, if he refuses, without some just ground, to carry goods for anyone in the course of his employment and for a reasonable and customary price, he will be liable to a damage suit.

Various Courts have held that every one who offers to the public to carry persons, property, or messages, is a common carrier of whatever he thus offers to carry. Private carriers are those that carry for hire and do not come within the definition of a common carrier. Private carriers are *not* bound to carry for any and all persons unless they enter into a special agreement so to do.

Another important point is that while the rights and duties of a motor truck operator must be determined from the contract and from the statutes and principles of law governing such contracts, he may enlarge his legal responsibilities. In other words he may make a valid obligation to redeliver the property absolute, putting himself in somewhat the same position as an insurer. Thus a contract under which a warehouseman, or other private carrier, undertakes to redeliver the property, damage by the elements excepted, creates an absolute liability to return it unless prevented by act of God. Under such circumstances it is not required to be shown that the warehouseman was negligent. So, if a warehouseman contracts to deliver goods at a certain time or to deliver them to a certain person at a certain time, his liability is absolute and he is accountable for their value if they are accidentally destroyed.

The most recent and important higher Court case involving the legal distinction between a common carrier and a private carrier is *Klein v. Baker*, 296 Pac. 631.

The facts in this case are that a truck owner filed an application with the State commission whereby he sought permission to operate as a common carrier under the jurisdiction of the commission. From this application it was shown he was engaged in conducting the business of hauling household goods and personal effects by motor trucks "anywhere for hire." His vehicles did not travel regular routes nor between established termini. His application was denied by the commission.

Afterward the truck owner transported household goods and furniture for various persons who required his services. One day while transporting a truckload of furniture both the truck and furniture were destroyed by fire.

The owner of the furniture sued the truck owner for value of the furniture. The owner of the furniture proved that the truck owner had expressly agreed to transport the merchandise safely to its place of destination.

In view of this testimony the higher Court held the truck owner liable for full value of the destroyed furniture, and stated the following important law:

"We conclude that from the evidence before us appellant [motor truck owner] was not shown to be a common carrier and must be held to have been a private carrier in his undertaking to transport the property. . . . It has been universally held that a bailee's general liability may be increased by a special contract and that if his contract so provides he may become an insurer of redelivery of the property bailed. . . . The business of a private carrier of goods is obtained by, and is dependent upon, his contract with the shipper. We can see no reason why his contract may not impose upon him a greater duty than the ordinary care which the law imposes on him. His compensation is also fixed by contract, and if he imposes upon himself the contractual obligation of delivering the goods to their point of destination we see no reason why he should not be held to it."

---

### *Your Legal Problems*

**MR. PARKER answers legal questions on warehousing, transfer and automotive affairs.**

**There is no charge for this service.**

**Write us your problems. Publication of inquiries and replies gives worth-while information to you and to your fellows in business.**

---

### *Check Payment of Freight Charges*

VARIOUS Courts have held that irrespective of the form of payment of freight charges, a common carrier, such as a railway company, may recover second payment for the charges, although the first payment made by the shipper was uncollectible as a result of negligence on the part of the carrier's agent. However, it is important to know that recently the Supreme Court of the United States rendered a decision which reverses this usual law.

In this case, *Fullerton Co. v. Chicago, M., St. P. & P. R. Co.*, 51 S. Ct. 227, it was shown that upon delivery of a car containing freight, the carrier's agent had, as customary, accepted the consignee's check on a local bank for the amount of the charges. The carrier delayed in presenting the check for payment and meanwhile the bank had failed. The consignee contended he was relieved from liability because of the carrier's unjustifiable delay in presenting the check.

However, counsel for the railway company contended that as the interstate commerce Act requires shippers and consignees to pay freight in currency, acceptance of the check was mere accommodation for which it was not liable in the event the check was uncollectible. The lower Court upheld this contention, but it is important to know that the Supreme Court reversed this decision, and held:

"It has long been settled that payment of a carrier's charges must be made in money; and that the payment must be cash as distinguished from credit. The purpose of the requirement is solely to prevent rebates or unjust discrimination and to ensure observance of the tariff rates. . . . The interstate commerce Act does not in terms prescribe that the charges shall be paid in money; that is, in coin or currency. There is no reason for denying to the

parties the convenience and safety incident to making payment, in accordance with the prevailing usage of business, by means of a check payable on demand drawn on a going bank in which the drawer has an ample deposit. Whether in the case at bar the defendant is liable depends, not upon any provision of the interstate commerce Act, but upon the rules of law generally applicable to payment by check."

—

### *Shipper Crates the Merchandise*

GENERALLY speaking, a shipper who packs his own goods cannot recover for damages to the goods, unless he proves that the same were *not* in damaged condition when received by the carrier.

For instance, in the recent case of *Fowles v. Louisville & N. R. Co.*, 132 So. 240, a shipper of crated goods sued a railway company for damages to the shipment. The railway proved that the merchandise was in damaged condition when loaded onto the cars. Therefore the higher Court held the shipper not entitled to recover damages, and said:

"Where the car is furnished to the shipper who himself loads his goods, he cannot recover for damages until he has alleged and shown that the goods, when loaded, were not in the same damaged condition later complained of and that the goods were properly boxed or crated, if either appears to be necessary and customary, and were properly loaded and braced in the car. Here the evidence of the persons who attended to the crating and loading of the articles shows that most of them were in bad condition when loaded and that the loading was not properly done."

—

### *Landlord's Liability for Damage to Goods*

THE law is well settled that if a lease contract contains a clause by which the landlord is obliged to make repairs, and the landlord breaches the agreement, the warehouseman is entitled to recover damages equal to the lessened rental value of the property by reason of such non-repair, providing the necessity of repairs is extensive and the cost is excessive in comparison to the amount of rent.

On the other hand, where the repairs are inexpensive, as compared with the rent, the measure of the warehouseman's damages is the cost of making such repairs, plus any damages suffered by the warehouseman as a result of the landlord's failure to make the repairs.

For example, in the late case of *Johns v. Hudson*, 34 S. W. (2d) 760, the testimony disclosed that a landlord breached a portion of a rental agreement by the terms of which he agreed to keep the premises in good repair. The tenant notified the landlord he was moving out without paying the amount of rent due.

The landlord sued the tenant for the rent due and the tenant filed a counter suit asking for damages amounting to $151.75 which resulted from water leaking through the roof on the stored goods.

In holding the tenant entitled to recover damages from the landlord, the court said:

"The amount of the rent due the plaintiff [landlord], as found by the jury, was $218.76, and the amount of special damages for the goods damaged due the defendant [tenant] was $151.75. This leaves a balance in favor of the plaintiff of $67.01, for which sum judgment will be entered here with interest at the rate of 6 per cent *per annum* from Feb. 1, which was the date when the last installment of rent was due."

—

### *Complainant Must Have Clean Hands*

IT is well established law that a person is not entitled to relief who fails for an unreasonable period of time to begin adjudication of legal difficulties.

For illustration, in *Donegan v. City of Los Angeles*, 293 Pac. 912, it was shown that in 1912 a city was without power to condemn land for warehouse purposes. At a later date a valid statute was enacted. Thirteen years after certain land had been condemned for warehouse purposes the property owner filed suit to rescind the condemnation proceedings.

However, in view of the fact that at the time of accepting the award the property owner had knowledge of all grounds against validity of the Court order condemning his property, the Court held the property owner not entitled to relief, and said:

"A landowner who accepts payment of damages awarded him for the taking of a portion of his land cannot be heard afterwards to declare the proceedings for opening such land for use void. . . . It is a familiar principle of the law that a party accepting and retaining the fruits of a void judgment is estopped from assailing the judgment itself."

—

### *Fraud as Ground for Rescinding a Contract*

AN important point of the law is that either a tenant or a property owner may cancel or rescind a lease contract on the plea of fraud of the other party.

On the other hand it is well established that if a person, after a discovery of the fraud by which he was induced to enter into a lease contract, treats the contract as in force and receives benefits therefrom, he *cannot* thereafter disaffirm it.

Also a rescission of a lease contract predicated on fraud or fraudulent misrepresentations must be asserted promptly on discovery of the fraud or it cannot be made at all.

The foregoing principles have been applied quite generally to leases.

Thus it is held that a tenant will generally lose his right to rescind a lease contract on the ground of fraud if, with knowledge of the facts, he recognizes the binding force of the lease or takes any benefits under it. Moreover the tenant may lose his right to rescind the contract by remaining in possession of the premises with knowledge of the facts constituting the fraud.

Also, when a tenant, with knowledge of the landlord's deception, recognizes the binding force of a lease by the payment of rent, he is precluded from afterward rescinding the lease. (139 Minn. 27.) In other words, payment of rent after full knowledge of the fraud usually acts as a complete waiver of the right to rescind. (170 P. 298).

Therefore it is apparent that two principles of law in rescission cases involving lease contracts are important. One is that on discovery of the fraud the complaining party must act without delay. What is diligent action depends somewhat on the nature of the case. Where the full injurious effect of the fraud becomes apparent immediately on discovery, the duty usually is to rescind promptly. Of course a delay of a few days does not prevent rescission of a lease contract, but payment of rent after the discovery of fraud usually is fatal, unless when payment is made the landlord promises to make good the fraud.

The latest case involving these points is *Stafford v. Colonial*, 130 So. 383. In this case a tenant endeavored to rescind a lease on the contention that the landlord had falsely represented the premises. It was shown that the tenant discovered the misrepresentation and proceeded to pay a month's rent on guarantee by the landlord that he would correct the defect.

In holding that this delay on the part of the tenant of a few days, in failing to rescind the contract, did not result in loss of his right to rescind the lease when the landlord failed to fulfill his promise, the Court said:

"Since fraud may consist in misrepresentations innocently made, there can surely be no prejudice to the right of rescission if the defrauded party does notify the other of the facts, and invite him to make good his representations, if the case is such that he may be able so to do."

———

### *Side Line Suggested*

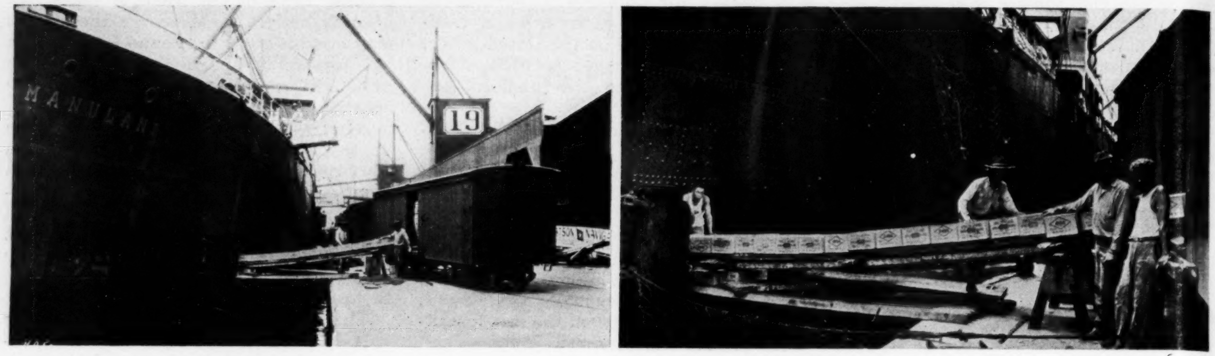
DISTRIBUTION AND WAREHOUSING'S
Washington Bureau,
1163 National Press Building.

WITH the general run of storage and moving business in a rather stagnant condition, occasioned by the general lull in business, the United States Storage Co. has started something to keep things moving. It is running the following "ad" in the daily papers:

"Chairs for Rent, Suitable for Bridge Parties, Banquets, Weddings and Meetings, 10c. up per day each; new chairs. Also invalid rolling chairs for rent or sale."

This may serve as a suggestion to other storage companies with time and labor to spare.

—*G. H. M.*




*Cases of pineapple being loaded from car to steamship Manulani at Honolulu*

# Pacific Coast Canned Goods Production-Distribution

**No. 5**
**Hawaiian Pineapple**

By DON F. HARNER
Secretary
Stewart Curtis Packers, Inc.

PINEAPPLE is the glorified sub-tropical fruit—a delicacy lifted from the luxury class to its present position as a staple food by the medium of advertising. A most fascinating story could be written about this fruit, almost unknown a few years ago—a story of pioneering, introductory work, evolution of methods for quantity production, educational and consistent advertising, until every nation in the world now consumes great quantities of pineapple.

And the goal has not been reached. For a recent survey of marketing possibilities in the United States indicated that the *per capita* consumption of two cans of pineapple each year could be increased to six cans *per capita* by means of further advertising.

A page from the pineapple industry's advertising may well be read by other industries as definite proof of the fact that revenue can be increased by persistent advertising attractively presented to the public.

An advertising program so well planned that it increases consumption to the extent that such a program stands on its own feet by using only a small percentage of the cost of sales as a portion of the total selling expense, may well be studied by executives in all branches of industry.

**THIS is the fifth and concluding one of a series of five articles by Mr. Harner, who is *Distribution and Warehousing's* Pacific Coast business representative.**

**The first, in the April issue, dealt with economic factors governing the canned goods and grocery trade in America. The second, in May, discussed southern California's production of fruits, vegetables and fish; and the third, in June, northern and central California's production. The fourth, in July, touched on that production in the Pacific Northwest.**

**This concluding text considers Hawaii's production and distribution and also summarizes the Pacific Coast's 1930 canned goods production.**

PINEAPPLE plants were first brought to Hawaii in 1843, from Old Mexico. They received little attention and apparently grew wild for a number of years. About 1870 some quantities were shipped fresh to the San Francisco market—the first record of commercial exploitation of the pineapple. In 1885 extensive plantings were made near Honolulu, in the Manoa Valley. New varieties were imported at that time, improving both size and flavor. In 1892 the first pineapple cannery was established, at Apokaa, island of Oahu. For many years there were many setbacks in growing, canning and marketing. The market was small, with the almost insurmountable task ahead of creating a new market by first educating the public as to the nature of pineapple and its value as a food.

Then occurred the greatest event in the progress of pineapple—the entrance, in 1899, of James D. Dole, who made a study of the pineapple and was convinced of its possibilities as a commercial business proposition. From a small company with $20,000 capital in 1899 the organization headed by Mr. Dole today leads the pineapple industry and operates the world's largest food canning plant. Mr. Dole is often referred to as the "father" of the Hawaiian pineapple industry.

Between 1892 and 1904 only small quantities of pineapple were canned and marketed. But from 1904 to the present time the meteoric rise in production and popularity of Hawaiian pine apple is unparalleled in other branches of the food industries of the world. Beginning with approximately 100,000 cases canned pineapple production in 1904, the million-case mark was passed in 1911, the two-million mark in 1913, and the three-million in 1917. The record of Hawaiian pineapple pack during the past thirteen years is as follows:

| | Cases |
|---|---|
| 1918 | 3,847,315 |
| 1919 | 5,071,976 |
| 1920 | 5,986,982 |
| 1921 | 5,262,503 |

| | Cases* |
|---|---|
| 1922 | 4,770,228 |
| 1923 | 5,895,747 |
| 1924 | 6,825,904 |
| 1925 | 8,728,580 |
| 1926 | 8,939,590 |
| 1927 | 8,879,252 |
| 1928 | 8,663,056 |
| 1929 | 9,211,240 |
| 1930 | 12,672,296 |
| 1931 | 15,000,000† |

**A case of pineapple means usually the equivalent of 24 No. 2½s cans weighing 56 pounds in fibre case or 61 pounds in wood case.*

*†Estimated.*

Estimates of the 1931 pack (now under way, June, July and August) vary between 12,000,000 and 16,000,000 cases, though most authorities agree it may pass the 15,000,000-case mark. This will definitely place pineapple as the world's greatest individual pack, taking the lead away from canned peaches.

In 1930 California's pack of canned peaches totaled 13,173,703 cases, as compared with the Hawaiian pineapple pack of 12,672,296 cases.

The pineapple pack of 1930 was divided among nine packers, as follows:

| | Cases |
|---|---|
| Hawaiian Pineapple Co | 4,577,091 |
| Libby, McNeill & Libby | 3,289,501 |
| California Packing Corpn | 2,227,566 |
| Haiku Pineapple Co | 740,700 |
| Hawaiian Canneries | 601,179 |
| Kauai Pineapple Co | 573,215 |
| Baldwin Packers | 434,045 |
| Honolulu Fruit Co | 148,896 |
| Kohala Pineapple Co | 80,103 |
| Total 1930 pack | 12,672,296 |

The executive offices of these nine firms are as follows:

Hawaiian Pineapple Co., 215 Market Street, San Francisco.

Libby, McNeill & Libby, Union Stock Yards, Chicago. Traffic department, 465 California Street, San Francisco.

California Packing Corporation, 101 California Street, San Francisco.

Haiku Pineapple Co., Haiku, Mauri Island, T. H.

Hawaiian Canneries, Inc., Kapaa, Kauai Island, T. H.

Kauai Pineapple Co., Lawai (P. O. Kalaheo), Kauai Island, T. H.

Baldwin Packers, Inc., Lahaina, Maui Island, T. H.

Honolulu Fruit Co., Inc., Honolulu, T. H.

Kohala Pineapple Co., Hilo, Hawaii Island, T. H.

The first three maintain their own sales and traffic departments. The six in the Hawaiian Island operate largely through brokerage sales offices in the United States.

Highly specialized machinery is employed by the pineapple canning industry, most of the patents being held by the Hawaiian Pineapple Co., Ltd., which manufactures such machines and sell or lease them to other packers. The "Ginaca" machines, for example, automatically count the pineapples; then trim them to cylinders of predetermined size; slice off the ends, and cut out the core—all at the rate of 85 to 110 pine apples a minute. The "Ginaca" performs the further operation of stripping out any remaining fruit from the pineapple shell, separating the fruit to one conveyor and the shells to another part of the plant.

The "Hapco" slicer makes smooth cuts of pineapple and wastes less fruit than any other, it is claimed. Cans are put on trays by patented machines at a speed of over 300 cans a minute. The Hawaiian Pineapple Co., Ltd., owns patents also on its "Hapco" can-lacquering machine for lacquering cans inside before use and the "Hapco" tray-filler and other labor saving machinery.

Cooperation within the industry has greatly furthered the progress of the individual packers through a trade organization known as the Association of Hawaiian Pineapple Canners, which, located in Honolulu, spends large sums in experimentation. Quoting from the 1930 annual report of Governor Farrington of Hawaii to the Department of the Interior, regarding cooperation, we read:

> "The eleven canneries and the American Can Company, which manufactures all the cans used in the Hawaiian pineapple industry, are members of the Association of Hawaiian Pineapple Canners, who maintain an experiment station as an adjunct to the University of Hawaii. The experiment station is undergoing considerable expansion. A number of new men have been added to the staff, which now comprises about twenty technical workers. The budget amounts to about $175,000 annually."

During 1930 the Hawaiian Pineapple Co., Ltd., placed in operation its new canning plant, the world's largest fruit cannery, utilizing all the latest inventions for quantity and quality output of pineapple. For instance, in one 24-hour period the new plant turned out 94,085 cases of pineapple—a total of 2,063,473 cans. Think of that: 1434 cans a minute!

**A CAREFUL reading of this article by Mr. Harner will repay merchandise storage executives in the eastern part of the country.**

**Steamship rivalry, he points out, is causing evolution in distribution of Hawaiian pineapple, and—**

**"Warehouses on the Atlantic seaboard may possibly profit by this latest development; because whereas much pineapple was previously warehoused in San Francisco, if the warehouseman at Boston, New York, Philadelphia, Baltimore, etc., can prove conclusively to pineapple packers that it will cost no more to store in the East and that there may be advantages there in lower interest rates by means of negotiable warehouse receipts, etc., this may change the warehousing phase of the pineapple situation."**

## *Distribution*

THE marketing and distribution of 12,672,296 cases of pineapple in 1930 represents a sizable task and was made possible only through tremendous advertising expenditures. Yet when pro rated against sales, this advertising was only a small percentage. The estimated valuation of the 1930 pack, at wholesale prices, is $50,689,000.

Now that the world has been largely educated to the food value of pineapple, new production areas are springing up in all parts of the semi-tropics—Porto Rico, Costa Rica, Cuba, British Malaya, Singapore, Australia, Jamaica, South Africa, Old Mexico, and even in Florida. Many of these new ventures have suffered financial reverses, because of the progress already made by the Hawaiian pineapple industry, in three particular directions:

1. Quality standardization.
2. Quantity production.
3. Advertised products.

An authority among foreign competitors recently stated that American aggressive advertising methods were the greatest handicap to be overcome.

Dependable high quality holds the consumer's confidence. And the prices have been continually reducing with increased machine production, the reduction in 1931 wholesale opening prices being about 20 per cent under those of 1930. The opening prices on No. 2½ size "fancy sliced" pineapple, for the past eight years, stands as follows:

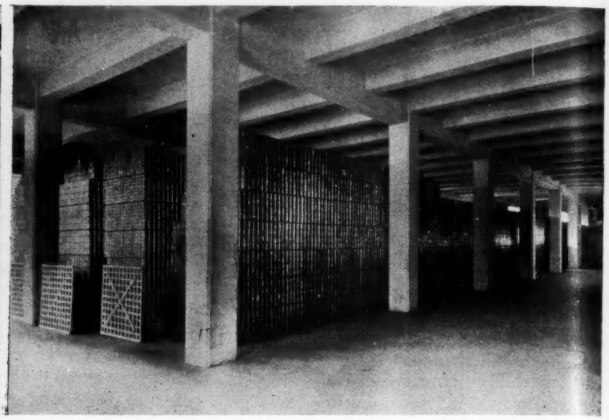
| | Per Dozen Tins |
|---|---|
| 1924 | $2.60 |
| 1925 | 2.15 |
| 1926 | 2.35 |
| 1927 | 2.10 |
| 1928 | 2.20 |
| 1929 | 2.35 |
| 1930 | 2.10 |
| 1931 | 1.75 |

The sales channel employed contemplates marketing through wholesale grocers of the United States, although the coming of the chain stores has developed an upset of certain of these arrangements.

It is estimated at the beginning of 1931 pack (June) that there remains in the hands of packers and distributors in America approximately 2,000,000 cases of the 1930 pack, which is fast moving into consumption.

With the reduced prices for 1931 pack, considerable dispute has arisen between distributors and packers over rebates demanded by distributors to cover their present floor stocks. All such distributors well know, however, that they are obliged to continue to carry certain popular brands of pineapple to meet the ever-increasing demands created by advertising campaign of the packers.

By reason of the strong position of the few packers of Hawaiian pineapple, due to advertising, they still make direct sales in the East, to be shipped direct from Pacific Coast stocks to eastern purchasers. Very little pineapple is

*Left—A railroad car being loaded with cases of the fruit, at a plant of the Hawaiian Pineapple Co. in the Hawaiian Islands. Right—After the cooling process, cans of pineapple are stacked for storage, then cased, and labelled for shipment as needed*

warehoused over the United States as a result.

But with the ever-increasing production there are reasons to believe that competition between packers, together with hand-to-mouth buying, will within the next few years force the pineapple packers to carry stocks of pineapple at strategic points over the United States, as do fruit, fish and vegetable packers who do not now enjoy the same strong advertising position as do the pineapple packers.

San Francisco has been termed the "Gateway to Pineappledom." This is because the larger portion of pineapple sold in the United States is dispatched via the port of San Francisco, and to the fact that the executive offices of the three largest pineapple packers are located there.

A great portion of pineapple is transshipped via steamship through the Panama Canal to the eastern half of the United States, because the freight cost that way is cheaper than the transcontinental all-rail rates from San Francisco.

In the old days, three ports were used practically exclusively — Boston, New York and Philadelphia. During 1930 at least 85 to 90 per cent of all pineapple was shipped to San Francisco for reforwarding and fully 60 per cent of that quantity was trans-shipped via steamship and the Panama Canal to and through such ports as Houston, New Orleans, Mobile, Savannah, Charleston, Norfolk, Baltimore, Philadelphia, New York and Boston, The back-hauls, via rail or barge-and-rail, cover practically the eastern half of the United States, including such points as Kansas City, St. Louis, Minneapolis, Chicago, Detroit, Cincinnati, etc.

A most recent 1931 development in transportation of canned pineapple from the Hawaiian Islands to the United States may be watched with interest—first, because it threatens the supremacy of San Francisco as the pineapple distribution center of the United States; and, second, the warehousing industry of the Atlantic seaboard States may benefit greatly.

Much rivalry has developed among steamship lines over the ever-increasing tonnage of canned pineapple from the Hawaiian Islands, until the Isthmian Steamship Lines (reputed subsidiary of the United States Steel Co.) stepped in and signed three-year contracts with the largest pineapple packers to move the tonnage direct from the Hawaiian Islands to Atlantic seaboard cities, instead of via San Francisco as in the past. And the new direct rate quoted is understood to be $10 a ton, guaranteed against lower quotations, as compared with the $14 a ton previously quoted via San Francisco.

This has placed many of the large existing steamship lines at a tremendous disadvantage; they had recently built new steamships at millions of dollars cost in anticipation of moving this pineapple tonnage in the usual way—via San Francisco.

But, again, the unexpected has happened in modern business methods and short-cuts.

### *Opportunity*

By the same token, warehouses on Atlantic seaboard may possibly profit by this latest development; because whereas much pineapple was previously warehoused in San Francisco, and reshipped to ultimate distributors over the United States, if the warehouseman at Boston, New York, Philadelphia, Baltimore, etc., can prove conclusively to pineapple packers that it will cost no more to store in the East and that there may be advantages there in lower interest rates by means of negotiable warehouse receipts, etc., this may change the warehousing phase of the pineapple situation, in addition to transportation.

Two of the large packers, Libby, McNeill & Libby and the California Packing Corporation, ship much of their pineapple in mixed cars of canned fruits and vegetables from their own big storage warehouses at or near San Francisco. The cost of labelling work is lower in Hawaii; consequently practically all cans are labeled when shipped from cannery to San Francisco.

A small part of the Hawaiian pineapple pack goes direct to the ports of Seattle or Los Angeles, and some direct to the United Kingdom; but, as stated, about 85 to 90 per cent of the total pack has moved via San Francisco in recent years, largely for export purposes by regular trade routes from the Pacific Coast to foreign ports.

As long as the strong position of the pineapple packer continues, due to aggressive advertising campaigns, distributors will continue to order a year's supply ahead, though there are indications of a partial breakdown of that old method of purchasing.

Today, with the declining prices of commodities, including pineapple, distributors hesitate in placing orders in advance of time of need.

Also, there is complaint upon the time in transit via steamship from Pacific Coast warehouse to a destination in the eastern portion of the United States. Financial conditions have forced hand-to-mouth buying in many quarters.

With the ever-changing economic conditions, it remains to be seen whether the change in marketing conditions other canners have experienced will also be extended to the pineapple packer, forcing him to carry warehouse stocks over the United States in order to meet competition.

Following is a resume of Pacific Coast canned goods production for 1930:

| | Number of Cases |
|---|---|
| Southern California........ | 6,055,752 |
| Northern and Central California .................. | 32,485,986 |
| Oregon, Washington, Alaska | 14,258,947 |
| Hawaiian Islands......... | 12,672,296 |
| Total 1930 Production. | 65,472,981 |

Converting this production into figures of tonnage at an average weight of 60 pounds to the case would give 3,928,378,-860 pounds, or 1,964,189 tons, of canned foods produced on the Pacific Coast for the year 1930.

*Pictures illustrating this article are by courtesy of the Hawaiian Pineapple Co., San Francisco*

# TWO BITS

Vol. X. No. 9 *A Bit Here, A Bit There* Gotham, August, 1931

SEVEN mos. have elapsed into eternity since ere we last published *Two Bits* & we are finding considerable of a job finishing Vol. X, of which this is No. 9. The delay is on a/c that storagers have been neglectful about sending us items. Even Geo. Dintelmann, the St. Louis storager, has been disloyal & also it is about time that Frank Holmes, the Jamaica, N. Y., storager, manufactured another of his Irish odes exclusively for these columns.

When nobody sends in items we have to write the darn thing ourself. To author a magnificent page like *Two Bits* you have got to have ideas, & you should know that an editor has no ideas. That is why he is an editor.

But tho we have, admittedly, no ideas, that does not mean that we have no adventures. Just lately, for instance, we have had some adventures, & that is why we are publishing *Two Bits* this mo. (Aug.)—so we could tell you about them. They are, not necessarily alphabetically, as follows:

1. We read a speech at the summer convention of the N. F. W. A. at Mackinac Island, Mich.
2. We took our 1st airplane ride, also at Mackinac Island, Mich.
3. We raised a mustache, not at Mackinac Island, Mich.

The foregoing are the adventures we are about to tell you about & before we get thru telling you about them you will decide that an editor who has such stirring adventures does not need to have ideas in order to write *Two Bits*.

NO. 1 above is not quite correct. We did not read a speech. We read only part of a speech (published in full beginning on page 7 if you are interested). We was just getting warmed up for delivery of our smashing climax when Ralph Wood, the N. F. W. A. sec'y, disconcertingly shoved a bit of paper at us, & when we looked to see what was written on the bit of paper, what did we see? Answering that question, we saw "Cut it short" written on the bit of paper so we sat down.

You might imagine that such treatment would discourage Ye Ed. vs. further public speaking, & mebbe we would have got permanently disheartened except that afterwards we was showered with praise about that part of the speech we managed to exude before the bit of paper was shoved at us.

Among those who gave us elegant compliment was Marty Kennelly, the N. F. W. A. prexy.

"Your speech," said Marty, carefully choosing his language, "was good the first half-hour."

We triumphantly repeated that to Ralph Wood, author of "Cut it short," & Ralph said:

"Marty was wrong. Your speech was good the first three-quarters of an hour."

Well, after we had sat down in the middle of our speech it was soon time for Ralph to read his annual report about storagers' fires, new bldgs & other things less interesting that Ye Ed.'s emasculated paper, & what happened?

What happened was that Ralph could not find his report & you should have seen how embarrassed he was.

We will leave it to storagers' judgment as to which is more shameful—to have your speech abrupted, or not to be able to find your speech at all when the time comes to read it.

Before we got up to read our paper, Prexy Kennelly introduced us as the editor of *Two Bits*. After we got Ralph's note & sat down Prexy Kennelly said he guessed he had made a mistake & we was really the editor of *Four Bits*.

We do not expect to address the next N. F. W. A. convention.

ADVENTURE No. 2, or our 1st airplane ride as aforeherewithmentioned, was not, we are glad to report, cut short like the speech was, tho probably if the plane had been equipped with wireless we would have got a disconcerting radiogram from Ralph Wood.

The plane went around Mackinac Island, about 9 mi., in about 6 min., or maybe 110 mi. per hr. If we had read our convention speech at the same rate we would have been finished before Ralph could find time to write his note to us.

Bill Leet, *Two Bits* western mgr, was our fellow-passenger on the plane ride & a delegation of storagers was at the spot to see us off, probably hoping something would happen so we would never essay another speech. We do not recall all their names, only that the delegation included Floyd Bateman, the Chicago forwarder; Jim Keenan, the Pittsburgh storager; & Joe Meyer, the Chicago storager. There was some others but Ye Ed. was so plumb scared that we forgot who they were.

We climbed into the cockpit & the pilot handed us a head contraption like the kind we used to put on when we used to play football before we learned how to make speeches. While we was adjusting the head contraption we shouted to the storagers' delegation—(pretending we was not plumb scared)—:

"Well, if you don't get next month's paper, you'll know why."

"If we don't," yelled back Joe Meyer, who is always ready with wisecracks, "it won't be missed."

Now you see how popular an editor is at a convention.

However, we got back to land safe, altho Bill & Ye Ed. nearly tumbled out when the pilot banked the plane, & Joe gets this month's paper, on a/c he is a subscriber.

ADVENTURE No. 3, or our mustache that we raised as aforeherewithmentioned, will be told about briefly, on a/c that, like our speech, it was not exactly a success.

In the 1st place, it came forth in too many colors, including gray, black, white, red, brown, yellow, orange, also another color we could not designate but it looked like Cape Cod mud. Had it come forth all of 1 hue we had intended to trim it handle-bar style & wear it up to Mackinac & maybe Ralph would have been so impressed with it that he would have let us finish our speech.

In the 2nd place, our lovely but critical better ½ was due home about the time the thing got full-blown, &, notwithstanding we are an editor, we had better sense than to be still wearing it when she arrived. That's what married life does. Robs you of your independence.

In the 3d place, we did not like what happened after the thing got full-blown. We woke up, 1 morning, vaguely aware that something was amiss. Life seemed to be stirring at the r.h. corner of the mustache. Ye Ed. hastened to a looking-glass, hoping to learn the reason for the disturbance, & we was not disappointed. We started to pet the thing fondly, as had been our wont, when out of the r. h. corner flew a full-blown moth.

When a moth uses an editor's mustache for a bedroom or a feeding ground, whichever it was mistaken for, it is high time the editor shaved, which we did & landed at Mackinac without the thing.

ALL of which proves, as already suggested, that you do not have to have ideas to write *Two Bits*. All you have to have is adventures.

& in our next *Two Bits* we plan to startle you with some daring free verse, yclept "The Moving Man's Plaint," by Mrs. J. L. Barbetti of the Dayton Storage Co., the Gotham storagers. You should not miss its rhythm. You cannot afford to miss it, which is a direct hint that you had ought to renew your subscription if it is running out.

# Effect of Inland Waterways on the Nation's Business

## Politics, Railroads and Commerce Are Concerned

By UTHAI VINCENT WILCOX

AT the present time there is a renaissance in the movement of merchandise by boats and barges over the inland waterway routes. The Administration at Washington has put itself on record favoring the development of the old routes and the opening of new ones. These will affect the Atlantic coast, the southern States, the lake cities, and the great industrial regions along the Ohio and Mississippi Rivers.

The movement of merchandise over inland waterways is the oldest and newest method of moving goods. The past few years have seen the romance of Mark Twain days on the Mississippi replaced by a modern romance of traffic tonnage, bulk freights, engineering plans and large expenditures. The songs of steam boatin' days are drowned by the scraping of locks and the sounds of the docks.

In a compilation of inland waterway freight lines concluded this year the Transportation Division of the U. S. Department of Commerce found 200 common carriers, 98 contract carriers and 187 private carriers operating on the inland waterways of the United States. These companies own approximately 4500 barges and 1300 units of propelling equipment, with a total value of $150,000,000. During 1929 the shipyards of the country constructed 410 barges and 49 units of propelling equipment. During 1928 there were constructed 321 barges and 22 units of propelling equipment. These figures show the steady growth in the building and in the demand for river transportation.

The development of waterways has become progressively more active during the past ten years, since the war emergency shoved water transportation into sudden, though limited, use. The more recent developments outstanding include the channel improvements on the Mississippi and the Ohio; the imminence of the formal opening of the Welland deep ship canal connecting Lake Erie and Lake Ontario; and the prospect of an early move by the Canadian Government looking to further progress on the St. Lawrence route, which would let ocean vessels penetrate to the Great Lakes.

Contemplated developments include the items in the new rivers and harbors bill, the first general extension program since 1927 and recently emphasized by Secretary of War Hurley in his inspection trip of inland waterways in the Middle West. The Administration at Washington contemplates through the passage of this bill the taking over of the Erie and Oswego canal system by the Federal Government from New York State. The bill has been passed by the House and awaits action by the Senate when it convenes.

Other developments indicative of the renaissance of the waterways development is the enthusiastic support by President Hoover and his statements in behalf of the extension of this form of transportation.

Recently, too, the Chamber of Commerce of the United States with headquarters in Washington, began a re-examination of waterway policies in behalf of organized business.

AT present the nation is committed, through the Administration, to a program of extensive construction of river and canal waterways which will continue through this decade and indefinitely beyond, the cost running upward from $65,000,000 annually. The results are likely to be the gradual and moderate development of new routes for domestic trade producing or stimulating trade and industrial centers. The direction of this movement will undoubtedly shift from time to time due to political needs and pressure.

The waterways developed and their systems include the increased use of the Great Lakes, the most traveled inland seas of the world. An outlet is sought through the St. Lawrence River and the New York State Barge Canal and the Hudson River. The proponents of the Great Lakes-to-the-sea movement object through their expensive lobby in Washington to the inclusion of this route in any discussion of inland waterways, preferring that it be called "an extension of the ocean."

**HERE is a background fact-story, devoid of propaganda, about inland waterways development in the United States.**

**As long as terminals on rivers and canals are Government-subsidized or State-owned, warehousing is confronted with the actuality or threat of unfair competition. Such competition exists today along the Mississippi and Ohio Rivers and the New York State Barge Canal and may spread to other waterways. In the light of these circumstances it is important that the warehouse industry keep itself informed regarding the Hoover Administration's plans for waterways expansion.**

**This article by Mr. Wilcox is not in support of the Government's ambitious program. It is simply a straightaway story of what is going on, for warehousing's information.**

Vieing with the Great Lakes system is the Mississippi River with its tributaries. The main trunk is from New Orleans to Cairo, the junction with the Ohio River, which runs to the Pittsburgh industrial region, sometimes called "the Rhine of America." There may be included the route via the Illinois River and canals to Chicago and the Lakes, the further extension to St. Paul and Minneapolis, the Missouri River to Kansas City, and later to Sioux City and beyond. There are other feeders in the Tennessee River, affecting both western and eastern Tennessee and northern Alabama; the Cumberland River, through northern Tennessee; and the Arkansas and the Red Rivers.

Following the Great Lakes outlets and the Mississippi in national importance is the Intracoastal Waterway which skirts the Atlantic Coast inland, protected against the uncertainties of the ocean. This runs from Boston to New York, to Philadelphia, to Norfolk, to Beaufort, N. C., and thence to Florida; and eventually it is planned to reach the Gulf at

Mobile, New Orleans and on to Corpus Christi, Tex. This waterway is the least completed of the great waterway systems, but it is in use between Boston and Beaufort except for the 30 mile bottle-neck canal across New Jersey. The canal from New Orleans to Corpus Christi is well on the way to completion.

It is ultimately planned by the inland waterways advocates to complete a belt line around the whole eastern half of the United States. This would run from the Great Lakes by way of Chicago to New Orleans, by the coast around to New York, by Hudson River and New York canals to the Great Lakes, or to the St. Lawrence by way of Lake Champlain.

Of more localized importance for individual areas of the nation are the short rivers running into the Atlantic and the Gulf and the Pacific. The Warrior River from Birmingham industrial region to Mobile is considered a feeder to the Mississippi and intracoastal units. Similarly related is the Alabama River, still in the project stage, reaching from northeastern Alabama and Rome in the northwest of Georgia, draining these industrial areas. The Apalachicola and Chattahoochee Rivers are also marked for improvement under these plans.

On the Pacific Coast, the Columbus and Snake Rivers in Washington and Oregon and entering Idaho are being studied and surveyed, while the Sacramento and San Joaquin Rivers with outlets at San Francisco are included as potential parts of the systems there.

The outstanding event in the inland waterways development during 1929 was the completion and formal opening of the Ohio River to nine-foot navigation from Pittsburgh to the Mississippi River at Cairo, Ill. This marked the completion of a project which was begun almost half a century ago and provides a thousand-mile waterway through one of the richest sections of the country. Commercial leaders favorable to the waterways movements have envisioned a great industrial development in the Ohio Valley as a result.

During the past few years physical developments on the Mississippi system of waterways have progressed to the point where there is now a nine-foot channel connecting Pittsburgh with New Orleans. Work is in progress by the Government to maintain a six-foot channel on the upper section of the Mississippi from St. Louis to Minneapolis and St. Paul.

There is now in progress under the direction of the army engineers a comprehensive survey for the purpose of determining the cost and economic justification of a nine-foot channel on this section. The Mississippi waterways comprises more than 9000 miles of navigable streams theoretically; of this, about 2000 miles have been improved to nine feet in depth, and approximately 1400 miles have been improved to at least six feet in depth. It is the plan of the Hoover Administration to increase the shallower depth to at least nine feet as fast as traffic justifies it.

Substantial progress has been made during the past year in the development of a six-foot channel in the Missouri River as far as Kansas City, with plans for subsequent channel improvement of the section above Kansas City.

This year past saw 700 miles of the intracoastal waterways completed, leaving approximately 1000 miles to be constructed, which it is planned to complete within ten years. It is expected that the "bottle neck" privately-owned Delaware and Raritan Canal across New Jersey will be eliminated by a new canal. It is stated that this is necessary because of the present canal's insufficient depth and equipment. The waterways, among others, embraced in this system are the Cape Cod Canal, the Chesapeake and Delaware Canal, the Chesapeake and Albemarle Canal and the Dismal Swamp Canal.

Army engineers have recently reported favorably on the eight-foot project carrying the intracoastal waterway from Cape Fear River to Charleston, S. C.

Another step of importance is the extension of the intracoastal system through work recently begun between Beaufort, N. C., and Cape Fear River. Recently, too, Florida acquiesed to the Federal terms for the taking over and deepening to eight feet of the Florida East Coast Canal, extending south from St. John's River.

Dr. L. P. Nickell, chief of the Inland Waterways Section, Transportation Division, Department of Commerce, says that "there is every indication that 1930 will show even greater progress than was made in 1929 in the development of navigation on our inland waterways." The total milage of rivers classed as navigable is 25,000, but only about 4000 miles of rivers and canals are now in good condition for use. Some authorities reduce this figure still further.

Complete figures are not yet available for 1929 as to traffic on inland waterways, but special estimates made by the Transportation Division of the Department of Commerce indicate that the year will show a substantial increase over 1928. The latest complete statistics are for 1928. According to the report


*Upper Mississippi River operation of 500-ton barges. Long tows of such craft are frequently thus moved, the method being to drop off barges as routed to the various cities*

of the Chief of Engineers, U. S. Army, 1928 showed an increase over 1927 in the commerce carried on our rivers, canals and connecting channels. The figure for 1928 was 237,300,000 tons, as compared with 219,000,000 tons for 1927. These figures include traffic through St. Marys Falls canal and the Detroit River. The growth of traffic is indicated by the following table:

| Year | Tonnage |
|---|---|
| 1922 | 111,800,000 |
| 1923 | 153,700,000 |
| 1924 | 173,200,000 |
| 1925 | 204,569,000 |
| 1926 | 217,000,000 |
| 1927 | 219,000,000 |
| 1928 | 227,300,000 |

Waterway transportation has generally been considered best adapted for such commodities as coal, iron and steel, cement, sand and gravel, forest products, ores and other bulky commodities with which time in transit is not a particulary important item, and with which terminal handling costs are less important factors than in the case of high class package freight.

Thus far, however, few inland waterway terminals have been designed and built at which handling costs are not excessive. The terminal costs today for handling of the higher class of freights constitute from 50 to 60 per cent of the total transportation costs. The handling costs for the bulky commodities are much lower than this figure.

### Bulk Goods Largely

IT is bulk freight of low unit value which is adaptable to transportation by inland waterways. A. Lane Cricher, Assistant Chief of the Transportation Division, Department of Commerce, indicates that this is the special field favored —namely, "basic, bulky commodities, but leaving the higher class of traffic for the faster means of transportation." Thus, he indicates as examples that wheat from Duluth to Buffalo might well go by the inland waterway route. Other examples are iron ore from Lake Superior to Chicago, Cleveland and Pittsburgh; coal from Cleveland and Toledo to Duluth; heavy iron from Pittsburgh region down the Ohio and Mississippi to New Orleans; and coal down the Monongahela to keep the Pittsburgh steel furnaces going. Wheat could be sent, he indicates, down the Mississippi to New Orleans for export, as also gasoline from Oklahoma, and the use of the New York State system for the distribution of this commodity. Lumber could go up the Mississippi from Louisiana, sulphur from Texas to points east, and so on.

In the general plan it has been found most practical to utilize the waterways when the movement of goods is from one large consignee to another. The inland waterways have not been successful in the development of small freight shipments or irregular shipments.

Commercial leaders favorable to the movement have envisioned possibilities of a closer relation between the development of the Mississippi and Ohio River systems and our trade with Latin-American countries. The States bordering the Ohio furnished large quantities of our exports last year and the percentage might increase, it is believed, with the utilization of the river as a means of transporting the heavier products to the seaboard. The people in the Ohio and Mississippi Valleys produce annually large quantities of commodities which Latin-America needs, and likewise need large quantities which they produce.

### Terminals

FOR the continued growth of waterways there arises the necessity for the provision of adequate public river-rail terminals. The principal modern terminals of this type are on the Ohio River between Pittsburgh and Cairo, but these are owned by private companies and are not available for the general public.

Of equal importance is the question of joint traffic rates between rail and water carriers. In the past, with few exceptions, litigations have been necessary for the effecting of joint rail and water routes and rates, and but few of these have been effected. Progress has been made toward this end in the passage of the Dennison Act, which provides, among other things, for the establishment of such interchange of traffic through application to the Interstate Commerce Commission under a certificate of public convenience and necessity.

The proponents for the development of our inland waterways point to the use of the rivers and canals in Europe. In the Rhine and other systems of north and central Europe the transportation of the heavier bulk and low grade commodities has proved successful. Many German cities have become great manufacturing centers through such development. Duisburg, Mannheim and Ruhrort have spent many millions on their waterways. The mileage of waterways in Germany, including canals, amounts to 7635 miles, with a fleet having a total tonnage of 7,000,000 and number 25,000 vessels.

The maritime status of Belgium is largely dependent on its waterways traffic. The canals and rivers connecting Antwerp have a length of 1473 miles and its waterway traffic is approximately one-half its sea-going traffic. By the cheapness of this transportation Antwerp is able to compete with such distant ports as Genoa for the export and import trade of Switzerland and the north of Italy.

### The Hoover Policy

THE face of our own nation is at present turned toward a definite and intensive development of its rivers and canals and the expansion of its traffic. This is shown by the statement of President Hoover in his Louisville speech delivered at the opening of the Ohio River to nine-foot navigation. He outlined his policy, which may be summarized:

1. Modernizing of every part of our waterways which will show economic justification in aid of our farmers and industries.

2. Completion of the intra-coastal waterways program within the next ten years.

3. Continuing development of our littoral waterways and of our harbors from which these waterways extend inland.

4. Continuing improvement of the channels in the Great Lakes.

5. Establishment of private enterprise in substitution for Government operation of the barges and craft upon our inland waterways when the Government barge lines have passed through the pioneering stages.

Railroads are challenging, however, the fairness and the economic wisdom of public development of waterways to compete with privately-owned rail carriers. The Administration answers that the inland waterways development is not designed to be competitive, but cooperative, and, further, that Government money is needed to develop so great a resource.

President Hoover said in his opening speech on the occasion of the deepening of the Ohio River channel:

"The picturesque floating palaces of Mark Twain's day drew two or three feet of water and even then found their way precariously around the bends among the snags and over sand bars. In time they were unable to compete with the spreading railroads and river navigation passed into its dark ages. But now is its day of renaissance. Upon deep and regular channels unromantic Diesel tugs now tow long trains of steel barges.

"What the river has lost in romance it has gained in tonnage, for in steam boatin' days 500 tons was a great cargo, while today 10,000 tons is moved with less men and less fuel. It is thus by deeper channels and new inventions that our rivers come back as great arteries of commerce after half a century of paralysis. And the new waterways are not competitive, but complimentary to our great and efficient railways. It is the history of transportation that an increase of facilities and a cheapening of transportation increase the volume of traffic."

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### Truck War Armistice

An armistice has been declared in the truck license war between Wisconsin and Illinois. Theodore Damman, Wisconsin's secretary of state, announced early in July that no further arrests would be made of Illinois truck drivers not having Wisconsin licenses, pending a Wisconsin Supreme Court decision, expected in August, in a test case. Upon learning of Mr. Damman's announcement, the Illinois authorities stated that Wisconsin drivers would be likewise safe in Illinois meanwhile.

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### New Firm in Utica

Fort Schuyler Warehouses, Inc., has been chartered to do a storage and warehouse business in Utica, N. Y., the incorporators being James D. Jackson, Alexander Pirnie and Albert J. Monahan. The company is capitalized at $10,000 with shares at $100 par.

# Warehouse Sale, Lease and Rental Contracts

**Forty-third of a Series of Legal Articles**

By LEO T. PARKER
Attorney-at-Law

THE higher Courts, during the past few months, have rendered important rulings involving various phases of warehouse sale, lease and rental contracts. The majority of these litigations might have been eliminated had the litigants been familiar with the established law. In fact it seems that in almost all instances legal controversy was the result of one or both parties relying on information obtained from "hearsay" or other undependable sources. Therefore the purpose of this article is to review important recent cases which illustrate commonplace law that should be brought to the attention of every warehouseman.

It is well-established law that a warehouseman who has been induced to enter into a contract for the purchase of real property by the false representations of the seller concerning its quantity or quality may pursue either of three remedies:

First, he may rescind the contract and offer to return the property within a reasonable time and thereby entitle himself to recover whatever he had paid upon the contract; or, second, he may elect to retain the property and sue for the damages he has sustained by reason of the false representations of the seller of the property, and the measure of the damages is the difference between the actual value of the property and the price at which he purchased it; or, third, to avoid a circuity of actions and a multiplicity of legal suits, he may sue for damages plus the purchase money, and he is entitled to recover both of these amounts in a single suit.

Broadly speaking, fraud may be any act on the part of a seller by which a person, partnership or corporation is induced to purchase property believing it to be that which it is not.

AN example of this phase of the law is illustrated by the outcome of the recent case of *Held v. Mansur*, 28 S. W. (2d) 704. An owner of property represented to a prospective purchaser that it was in a dry district. Afterward the purchaser discovered that during a rainy season the surface water flooded the property. The purchaser sued to recover the difference between the purchase price and the actual value of the property. In holding the purchaser entitled to a recovery, the Court stated the following important law:

"If the vender [seller], having actual knowledge of the matter or in reckless disregard of the truth, induces the buyer to rely on his false statements, he will not be heard to say that the purchaser could have ascertained the truth. In the first place, the false representations relied upon may have caused the purchaser to forbear from making further inquiry; and in the second place, as is true in the present case, the purchaser may have lived in a distant State, and it was not practical for him to come to the county in which the land was situated and make an examination of it. . . . These cases all hold that, while ordinary statements of value of property are mere expressions of opinion on which the purchaser is not entitled to rely, yet statements of fact which affect the value of property, if false, and made for the purpose of inducing the purchaser to rely thereon, are false representations which will constitute fraud in law."

***When Silence Is Fraud***

A SELLER need not make positive deceptive statements regarding property to be guilty of fraud. Moreover under certain circumstances a written or verbal untrue statement is *not* fraud. For example, a fraudulent statement made by a seller *after* a sale is completed *never* is legal fraud. In fact, no statement, guarantee, or promise of a seller is legal fraud for which he is liable unless it is clearly proved that the prospective purchaser *relied* on such statement and thereby was induced to an appreciable degree by such deceit to enter into the contract.

In one controversy, for illustration, a prospective purchaser of a warehouse building knew the roof was badly in need of repairs. While negotiating, the seller, in response to an inquiry made by the purchaser, said the roof was in good condition and never had leaked. After the purchaser took possession he decided that he had completed a bad bargain and sued for cancellation of contract on the ground that the seller had fraudulently stated that the roof was in good condition, when in fact a new roof was required immediately to prevent water leaking into the building. However, as the purchaser testified he knew the roof leaked *before* signing the sale contract, the court held the false statement of the seller not legal fraud on the buyer.

Conversely it is true that any act, motion, promise or other fraudulent inducement on the part of the seller by which the prospective purchaser is deceived is legal fraud which entitles the latter to rescind the contract and recover damages.

Also, it is elementary law that an employer who accepts the benefits of a transaction conducted by his agent is deemed to have ratified it. Moreover, an employer may ratify a transaction of his employee, or broker, by mere silence and inaction.

For instance, in *Swartz v. Will*, 290 Pac. 708, it was disclosed that a man named Starkey sold his property and business to a purchaser who fell behind in payments due under the sale contract. Starkey served on him a notice of forfeiture, on receipt of which the purchaser made the payments then delinquent. He however, again fell behind during another month and another notice of forfeiture was served on him. At this time there was unpaid upon the contract of sale of the property the sum of \$6,100. The purchaser called on Starkey and requested permission to sell the property. The purchaser employed a broker, who inserted an advertisement in the newspapers. A man named Swartz, noticing the advertisement, called on the broker and was taken to the office of Starkey. After considerable negotiation Swartz purchased the property from the original purchaser and paid \$1,000 down, agreeing to pay the balance within a specified time. Three days later Swartz wrote to Starkey and informed him that he elected

to forfeit the agreement to purchase the building. Starkey refused to refund the $1,000 down payment and Swartz sued to recover the money and also asked the Court to cancel the contract in which he agreed to purchase the building.

During the trial testimony was given which showed that the broker was asked by Swartz why the business had not netted a profit and the former stated that one of the partners and a relative were helping themselves to money out of the cash drawer. Starkey contended that he should not be held responsible for false statements of the broker.

However, in view of this testimony the higher Court cancelled the contract and held Swartz entitled to recover the $1,000 down payment, saying:

"Starkey signed personally the receipt for this money and cannot now, in an action against him for the return thereof, shelter himself behind the fact that Mr. Butterfield [broker] was not primarily his agent."

### *Sales to Defraud*

ANOTHER important and well established point of the law is that a conveyance or sale of property is void if such sale was made by an insolvent debtor for the purpose of defrauding his creditors. However, in order to set aside a conveyance or sale on the ground that it is fraudulent as against creditors it must be shown, *not only* that the debtor was insolvent at the time the conveyance or deed was signed but also that (1) the debtor intended to hinder, delay, or defraud the creditors by the transaction, and (2) that the benefited creditor had knowledge of the fraudulent intent of his debtor and participated or cooperated therein with intent to hinder, delay, or defraud other creditors.

In other words, mere suspicion of fraud is *not* sufficient to justify the setting aside of a conveyance at the suit of a creditor. To justify such action, the evidence of the fraud alleged must be clear and satisfactory.

Therefore, for the reason of these rules of the law various courts have held that a creditor, acting in good faith, may take security from his debtor, even though he *knows* there are other creditors and that the effect of this action will be to defeat other creditors.

For illustration, in the leading case of *Oelke v. Howey*, 232 N. W. 666, it was alleged that a debtor, when realizing his insolvency, conveyed certain property to another. The creditors sued to recover possession of the property. However, in view of the fact that the purchaser was innocent *of intent* to defraud, the Court held the sale valid, saying:

"It is not sufficient for the attacking creditor to prove that the grantor intended, by the conveyance, to hinder and delay creditors, but it must also be shown that the creditor participated therein or had knowledge of such facts as should have put him, as a reasonable person, on notice of the fraudulent purpose and intent of the grantor."

### *Broker's Commission*

IT is important to know that the fact that a sale of real estate is not carried out because the warehouseman cannot furnish a marketable title does not deprive a broker of his commission, especially when it is shown that the warehouseman has represented to the broker that he has a good unrestricted title.

For example, in *O'Hara v. Bronx*, 172 N. E. 472, a property owner engaged a broker to sell his property and stated that it was free from restrictions. The broker obtained a prospective purchaser and the parties met to execute a contract of sale. It then was disclosed for the first time that the premises were incumbered with a restrictive agreement which provided that the owner of the property would not carry on or permit to be carried on at said premises various kinds of businesses which were enumerated.

The prospective purchaser refused to complete the contract, although he was present with a check prepared to make the down payment and to execute a contract of purchase in accordance with the terms of sale explained to him by the broker.

The broker sued to recover the agreed commission and the Court held the property owner liable.

### *Next Month*

**THE law in relation to liability for damage and injury by motor truck will be discussed by Mr. Parker in his next article, to appear in the September issue.**

**Distinction between negligence and gross negligence; driving on wrong side of street; driver-duty in darkness; safeguarding children; legal status of "guests"; employee liability—these and other phases involved will be considered, with recent Court decisions cited.**

### *Real Estate Sales*

ANY contract of sale for warehouse property is valid and enforceable providing (1) the buyer and the seller are of legal age; (2) the buyer and the seller act for themselves or are duly authorized agents; (3) the sale contract does not violate State or city laws; (4) neither the buyer nor the seller practiced legal fraud.

In fact a person may be legally bound to comply with a contract by the terms of which he agreed to sell property which he does not own.

For instance, in *Bennett v. Corporation*, 226 N. W. 239, it was shown that a corporation contemplated purchasing a lot having buildings thereon. Before making the purchase it contracted to sell the buildings for $1,000, providing the buyer, Bennett, should remove them from the premises.

After the corporation purchased the buildings and lot it sold the property to another party and Bennett sued for damages resulting from breach of the contract. Although the corporation had contracted to sell the buildings before it owned them, the higher Court held the corporation liable in damages to Bennett, saying:

"In determining damages, the jury should find and use as a basis the fair cash value or worth of the buildings as they stood, keeping in mind that they were to be removed from the premises, and allow such worth, less the agreed purchase price. . . . The amount allowed by the jury can be computed precisely from the testimony."

### *Verbal Contracts*

FEW persons realize that a verbal agreement to sell real property ordinarily is void and unenforceable, unless one of the contracting parties does some act which is a part or whole performance of his obligations. This rule of the law is based upon the statute of frauds, a law designed to prevent fraud by any person claiming valuable rights under verbal agreements which he may prove by false testimony.

For illustration, in *Forbes*, 282 Pac. 528, it was disclosed that an employee of a corporation made a *verbal* contract by the terms of which he agreed to sell the company's real estate. Later the corporation filed suit to rescind the agreement, on the contention that the contract was void because it was not in writing. It is important to know that the higher court held the oral contract void, stating the following important law:

"The contract being oral, it was essential that appellant prove sufficient part performance to take it out of the statute of frauds. . . . Such a contract 'could only be taken out of the statute and enforced by reason of part performance.' . . . Treating the action as one for the specific performance of a contract relating to real property, it was necessary to prove . . . either that the contract was in writing or that it had been partially performed. . . . The case is reduced to an action to enforce a parol contract to convey real estate. Such an action is maintainable *only where there has been a part performance sufficient to take the agreement out of the statute of frauds.*"

On the other hand, while a verbal agreement relating to real property generally is invalid, yet it is interesting to observe that various courts have held that an oral agreement made by a landlord, independently of a written lease contract, to maintain warehouse premises in repair, is valid and binding.

So held the higher Court in *Rowland v. Bock*, 148 S. E. 549. Here a tenant sued a landlord and proved that although the written lease contract contained no stipulation regarding repairs, the landlord had *verbally* promised to keep the premises in good condition. In commenting on the law, the Court said:

"There is no question as to the correctness that an independent contract to make repairs to a rented building,

where the lease contract is silent as to repairs, may be established."

Also it is well settled that any written memorandum or agreement signed by the property owner and attached to a lease contract is a valid *addition* to the original agreement. (184 Ill. App. 582).

Moreover any other written agreement which is a part of the lease contract, although not attached to it, is deemed valid and enforceable. In one case (203 N. Y. S. 648), a property owner wrote a letter to a prospective tenant in which he agreed to grant a renewal of the lease. Afterward the parties signed the lease contract which contained no provision for a renewal. When the lease contract expired the landlord refused to renew it. However, the Court held the tenant entitled to a renewal, and explained that an agreement in writing *to give a lease* may be enforced as a contract between the parties, and that a written promise to give a renewal is valid although it is not incorporated in the lease contract.

#### Termination of Lease

IT is commonplace for lease contracts to contain provisions which confer upon the property owner an option to terminate the lease before the expiration of the term, or reserve to the tenant a similar privilege. It is settled law that no particular form of words is necessary to confer this right.

However, certain words as "upon condition," "provided," "reserving," "subject to," or their Latin equivalents, are recognized.

On the other hand, it cannot be presumed that a landlord, or lessor, has the privilege of terminating a lease unless the contract clearly indicates that such was contemplated by the parties when the agreement was signed.

Obviously, therefore, a landlord cannot terminate a lease contract by performing a breach of the contract and then endeavor to introduce proof of this act to induce a jury to believe that the tenant intended termination of his lease under these circumstances.

For example, in *Philadelphia v. Elberg*, 276 Pac. 623, it was disclosed that a person obtained from a landlord a lease on property. The tenant sublet a portion of the property to a sub-tenant. The lease contract between the latter parties provided that the sub-tenant should have the right to enjoy possession of said portion of said premises only so long as the original tenant "shall enjoy possession under and by virtue of the lease" from the landlord.

Some time afterward the original lessee decided to discontinue its business and made arrangements with the landlord for terminating the lease. The lessee then notified the sub-tenant that its sub-lease would be terminated. However, as the lessee may have continued occupancy of the building had it desired to do so and as the sub-lease did not provide that the lessee was privileged to terminate the same *at will*, the Court held the sub-tenant entitled to damages for breach of the lease.

Therefore it is apparent that neither a landlord nor a principal lessee is entitled to terminate a lease to a tenant of either, except under specific terms of the contract.

#### Object of Lease

ANOTHER well established point is that if the object or purpose of a lease contract is illegal the contract is void and neither party is liable in damages to the other for breaching the contract. On the other hand, the party is liable who performs an illegal act by which the other party is prevented from carrying out the terms of a legal lease. This rule is particularly applicable with respect to a landlord who fails to construct a building in accordance with State or city laws.

For instance, in *New Chester v. Bischoff*, 206 N. Y. S. 641, it was disclosed that a tenant entered into a contract with the owner of property by which the owner agreed to construct a building according to certain plans and specifications and lease it to the tenant for a term of fifteen years.

After the building was ready and the tenant had taken possession the latter was notified by the city building inspector that the building did not conform with requirements and that he would not be permitted to conduct his business.

The tenant sued the landlord for damages. The latter contended that as the tenant had moved into the building he was not entitled to rescind the lease contract. In holding the landlord liable, the Court said:

"Had the plaintiff [tenant] known that the building was not constructed in accordance with the requirements, he could have refused to have taken possession. Having entered into possession without knowledge of the fact, the plaintiff [tenant] had the right to surrender possession as it did, and to recover the deposit and any damages he had sustained."

Also, a tenant may refuse to take possession of a leased building when he is informed that it does not comply with the building laws, providing the building was erected by the landlord. (109 N. E. 479).

## *Moving 6,878,000 Silver Dollars Proves to Be a "Front Page" Job for the O.K.*

NOW and then the executives of moving concerns are given opportunity to step outside the daily routine and engage in an undertaking approaching the spectacular. Such chances should be embraced gladly, for the resulting newspaper publicity will more than justify the effort. At least George E. Butler, managing executive of the O. K. Storage & Transfer Co., Inc., New Orleans, so believes. He brings that point out in discussing his recent achievement of moving nearly $7,000,000 in silver dollars from the old New Orleans mint building to the new vaults in the Customshouse.

The contract for this moving job was awarded the O. K. in competitive bidding in which representatives of express companies and armored cars participated. The bid submitted by Mr. Butler was little better than actual cost of operation, and the anticipated profits were checked off to advertising. The wisdom in reaching this decision has been borne out subsequently.

First, there were newspaper an-

(Concluded on page 57)

*Left to right—C. K. Langham, chief of the United States Secret Service in New Orleans; Patrolman Albert J. Roux and City Detective Henry Asset, who assisted in checking the money; and George E. Butler, general manager of the O. K. Storage & Transfer Co., New Orleans.*

# Barge Line Practices Protested in Complaint to Hoover

## Discrimination Alleged by Philadelphia Port

By K. H. LANSING

PROTESTS against the alleged discriminatory practices of the Government-subsidized Inland Waterways Corporation have been sent to President Hoover; Patrick J. Hurley, Secretary of War, within whose jurisdiction the Federal barge lines operate; and T. V. O'Connor, chairman of the United States Shipping Board.

The protests are from George W. Edmonds as manager of the Port of Philadelphia Ocean Traffic Bureau, whose battle against the barge lines' methods of doing business in competition with private industry is parallel in some respects to the efforts of the American Warehousemen's Association to compel the Inland Waterways Corporation to discontinue such competition.

The basis of the fight being carried on by Mr. Edmonds, who is a former Representative in Congress, is the Federal barge lines general agent's letter, quoted in the June *Distribution and Warehousing*, letter to coffee producers that they could evade storage charges through arranging for the Inland Waterways Corporation to handle coffee on slow two boats moving north from New Orleans, thus delaying arrival at St. Louis to suit shippers' needs as dictated by market conditions.

Mr. Edmonds and the Port of Philadelphia Ocean Traffic Bureau are interested especially in what they contend is the Inland Waterways Corporation's violation of the United States Constitution in these particulars:

1. In not requiring shippers to pay the ordinary storage charges commensurate with the service.

2. In supplying barge storage for the shippers' consignments without charge, or with a charge not commensurate with the service, for the storage and handling of freight such as are required by the Interstate Commerce Commission to be collected by railroads from shippers for similar services at other ports. This, it is contended, violates paragraph 6 of section 9 of the Constitution, prohibiting discrimination between States and ports.

THE foregoing points, as embodied in a resolution adopted on June 1 at a meeting of the executive committee of the Port of Philadelphia Ocean Traffic Bureau and signed by Richard Weglein, the Bureau's president, constitute part of a letter sent by Mr. Edmonds to President Hoover on June 9.

The President's attention was called also to Inland Waterways Corporation general agent's letter to the coffee shippers. Mr. Edmonds further wrote:

"You will note that our action has nothing whatever to do with rates for transportation but has to do with extra services which are duplicated at every port of the United States and for which, in order to prevent rebates and discrimination, the Interstate Commerce Commission has provided fair and commensurate charges; those the Inland Waterways Corporation are now ignoring and thereby produce a condition which is manifestly unfair and discriminatory against the ports whose facilities are injured by this action."

Mr. Edmonds then exemplified by alluding to the coffee situation:

"A and B are receivers of coffee at St. Louis shipped via New Orleans. A has a large warehouse sufficient to carry his business for months. B has no warehouse facilities. According to this offer, B has, without any, or at a minimum cost to himself, with a cost to the Government, the same facilities for which A has made a large investment; thus B is being shown preference by receiving concessions which are detrimental to the business of other ports.

"When goods at other ports are loaded in railroad cars and held subject to order at the loading point, the Interstate Commerce Commission requires storage charges from the shippers to provide storage in barges free, or even without a commensurate charge comparable with the charges made at other ports, is a violation of the Constitution of the United States, which is even more questionable because it is practiced by one branch of the Government and the opposite is required of other shippers by another branch.

"If you can picture A and B shipping through one of the Atlantic Coast ports, A handling his own goods and B using storage at a warehouse, or in railroad cars and paying the ordinary charges for such a transaction which the Inland Waterways Corporation is practically giving the shippers free of charge, we do not believe you would countenance any such violation of private rights; and now that this matter is placed before you, we trust that prompt action on your part will cause its discontinuance."

In his letter, Mr. Edmonds enclosed copies of sections of the Constitution and of the Shipping Act of 1916 which cover the case.

After stating the alleged violations of the Constitution, already mentioned, the Ocean Traffic Bureau's resolution requested the President to investigate the terminal practices of the Inland Waterways Corporation and require it to place in operation such rules and regulations in connection with its operation that would compare favorably with the published rates and practices of the railroads at terminals, and for "in transit" privileges, so that the Corporation would not in the future indulge in "unfair and discriminatory arrangements to the detriment of other shippers," who, on account of their geographical location are obliged to pay such rates for these services as are prescribed for them by the Interstate Commerce Commission.

Copies of the resolution were sent to the Secretary of War, the Secretary of Commerce and the chairman of the Inland Waterways Corporation.

About the middle of June, Mr. Edmonds sent to Frank S. Davis, chairman of the Maritime Association of the Boston Chamber of Commerce, a letter calling attention to unreasonable competition on the part of the Federal barge lines. In turn, Mr. Davis forwarded a letter to Chairman O'Connor, of the U. S. Shipping Board, telling him of Mr. Edmonds' letter.

In reply to Mr. Davis, Mr. O'Connor wrote that Mr. Edmonds had sent him a copy of the letter Mr. Edmonds had mailed to President Hoover. In his answer, Mr. O'Connor said:

"'While we can fully appreciate the harmful effect on eastern ports which would most likely follow from a continuation of this practice of the Federal barge lines [soliciting slow tow shipments to avoid storage charges], we do not feel that this is a matter coming within the jurisdiction of the Shipping Board. In one of Mr. Edmunds' inclosures accompanying Mr. Edmonds' letter to the President he quotes a section of

the Inland Waterways Corporation Act which, upon a first reading, would appear to make the operation of the transportation and terminal facilities under the Inland Waterways Corporation Act subject to the provisions of the Interstate Commerce Act, as amended, and to the provisions of the Shipping Act, 1916, as amended. But when you consider the further provision in that section, which reads, 'in the same manner and to the same extent as if such facilities were privately owned,' it becomes clearly apparent that the provisions of the Shipping Board Act, 1916, do not apply, because they would not apply if 'such facilities' were privately owned."

A copy of this letter was sent to Mr. O'Connor to Mr. Edmonds, who, in his letter of acknowledgment, said in part:

"In this letter you have raised a question which I am trying to have solved and which I think your Board have in their power to decide without any case being brought before it, as the law itself makes it obligatory for you to do so.

"The Shipping Act states: 'The term common carrier by water means a common carrier by water in foreign commerce, or a common carrier by water in interstate commerce on the high seas, or the Great Lakes, on regular routes, from port to port.' Also, the term 'other person subject to this Act' means any person not included in the term 'common carrier by water,' carrying on the business of forwarding, or furnishing wharfage, dock, warehouse, or other terminal facilities in connection with a common carrier by water.

### *Whose Supervision?*

"Now it can readily be conceived that the 1916 Act as originally passed, and upon the statute books, confined the supervision of the Shipping Board to the high seas and the Great Lakes. This, I will agree, was so because the inland waterways were originally in the bill and were eliminated before the bill was enacted. It was not until the passage of the Inland Waterways Act in 1928 that this was changed. Section F, of the Inland Waterways Act, is as follows: 'The operation of the transportation and terminal facilities under this Act shall be subject to the provisions of the Interstate Commerce Act, as amended, and to the provisions of the Shipping Act, 1916, as amended, in the same manner and to the same extent as if such facilities were privately owned and operated and all vessels of the corporation operated and employed solely as merchant vessels shall be subject to all other laws, regulations and liabilities governing merchant vessels.'"

"You will note that this section plainly places the activities of the Federal barge canal line under the supervision of the I. C. C. and the U. S. Shipping Board. Certainly it was not expected that this line could go before these two bodies for action favorable to them as they are doing with the I. C. C. and expect no action on anything which did not suit their purpose.

"After a careful study, I am of the opinion that you have supervision and that you should require this barge line to comply with all the conditions of Sections 15 and 16 of the Shipping Act, 1916. The Act does not say, nor does it even imply, that the words 'to the same extent as if such facilities were privately owned and operated' *on rivers;* it places their operation in the same category with any other line, either on the high seas or the Great Lakes. Read further: 'And all vessels of the corporation operated and employed solely as merchant vessels shall be subject to *all other laws, regulations and liabilities governing merchant vessels.*'

"What interpretation can be made of this sentence other than that the activities of the barge line are those of merchant vessels and are subject to all laws, etc., governing them? It will be noted that the Act describes their vessels as merchant vessels. To me it appears that this Act not only requires the Board to have all rates and other arrangements of the barge line filed and approved of by the Board, but gives them supervision of their activities the same as any other merchant line, and that the Board would not be doing its duty in not acting accordingly."

This point, Mr. Weglein, president of the Ocean Traffic Bureau, brought out sharply in a letter to Secretary Hurley, dated July 7, acknowledging receipt of the Secretary's letter (June 29) advising the Bureau of his receipt of the resolutions adopted by the Board. He mentions that in April Examiner Maidens in the American Warehousemen's Association case sustained the contention of the Inland Waterways Corporation in his proposed report, and concludes:

"The question is now before the Commission and the decision to be reached is problematical. No matter how it is decided, the discrimination against the north Atlantic ports still continues and the power to abate it lies in your hands. Without entering into a discussion as to whether the activities of this line [barge line] are or are not placed by Section F of the Act creating this corporation under the supervision of the Interstate Commerce Commission, or the United States Shipping Board, the Constitution of the United States is still the basic law of the land and in it there is a provision preventing discrimination between ports, and here we have two Governmental bodies—the Interstate Commerce Commission and the Inland Waterways Corporation—one requiring, the other omitting, charges for a service which provides a discrimination forbidden by the Constitution. This condition should appeal to you so as to result in all discriminating practices being immediately prohibited."

In the letter which brought this reply from Mr. Weglein to Secretary Hurley, the latter had said, in part, alluding to the discriminatory practices of the barge line as outlined in the resolutions of the Ocean Traffic Bureau:

"The properly constituted legal body to make this investigation, *i. e.*, the Interstate Commerce Commission, has already so done in Docket No. 23510, *American Warehousemen's Association vs. the Inland Waterways Corporation*, by Examiner William A. Maidens, who has recommended dismissal of the complaint; and in I. and S. Docket No. 3534, where Examiner Charles W. Berry finds nothing wrong with the Government barge lines' arrangement for stoppage of sugar, etc., and recommends that the Commission allow the present adjustment to remain in effect."

Mr. Edmonds has expressed interest in the fight being carried on by the American Warehousemen's Association.

"The A. W. A.," he told the writer, "ought to go before the United States Shipping Board, under whose jurisdiction this matter certainly comes, and fight it out. The members should do what they can to get the Shipping Board to make the Inland Waterways Corporation live up to the requirements of the Constitution of the United States.

"That corporation has been violating its provisions, as I wrote Mr. Hoover. I have just begun with this thing. If I do not receive within a reasonable time answer to my last letter to Secretary Hurley, which has been referred, I understand, to General Ashburn, head of the Inland Waterways Corporation, my next step will be to go directly to President Hoover, whose duty it is to see that the provisions of the Constitution are carried out."

A thorn in the side of Mr. Edmonds and the Port of Philadelphia Ocean Traffic Bureau is that while General Ashburn in his annual report (April, 1930) stated that the waterways problems in the controversy were "properly justiciable by the Interstate Commerce Commission," the Inland Waterways Corporation subsequently so faced about that when the American Warehousemen's Association appealed to the Commission the corporation filed a brief contending that the issues in the case were not within the Commission's jurisdiction.

## *Georgia Tax Act Is Held Constitutional*

IN a decision handed down on July 13 Judge Howard of the Fulton Superior Court, Georgia, declared the Georgia motor carrier tax Act to be constitutional.

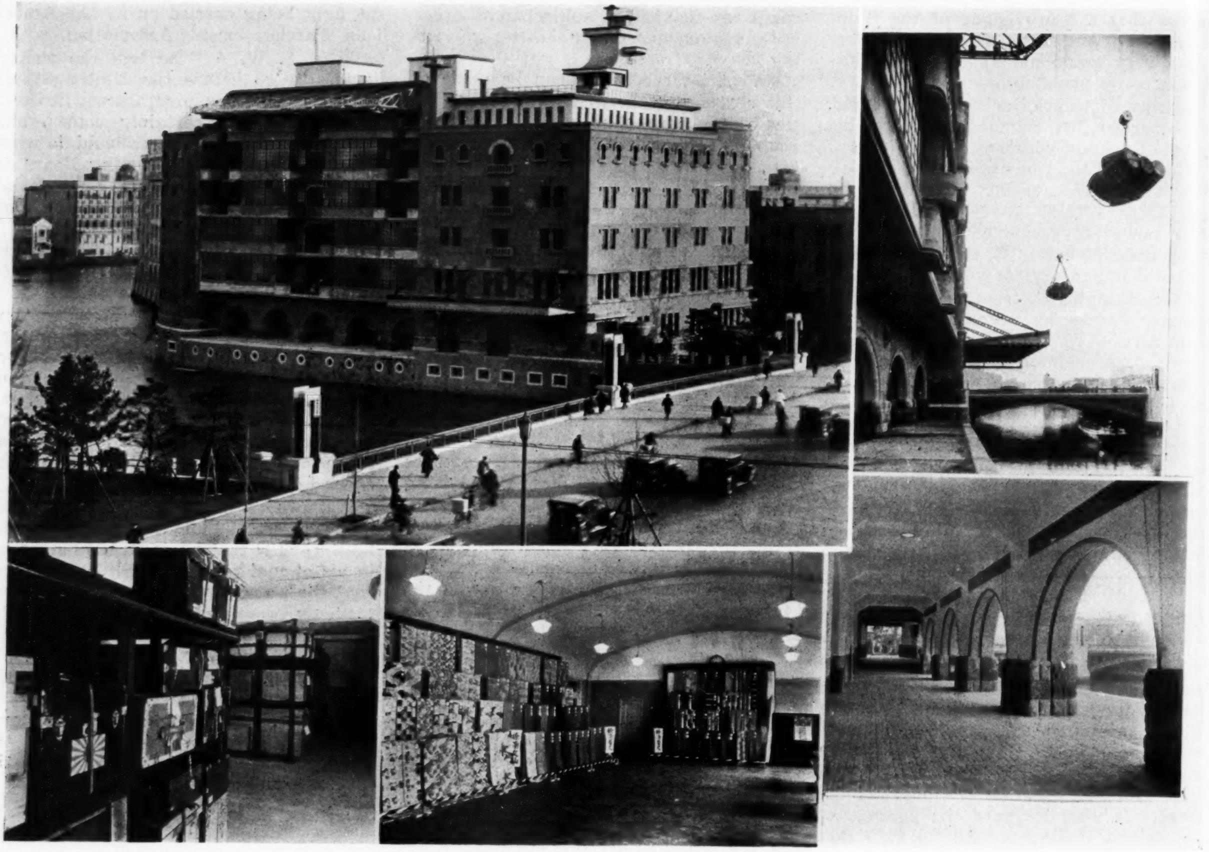
This ruling, rendered on three temporary injunctions secured by truck and bus operators to prevent the State from collecting the tax, affects transfer, truck and bus companies.

It had been charged by the truck and bus operators opposing the tax that it was discriminatory in that some carriers were taxed; while others, as carriers of cotton, vegetables and fish, were specifically exempted.

Attorneys for the plaintiffs said they would appeal to the State Supreme Court on a fast bill of exceptions, and, if necessary, to the United States Supreme Court.

# Mitsubishi Company Opens a Modern Warehouse in Tokio

## Japanese Firm Provides New Storage Facilities



*The new plant of the Mitsubishi Warehouse Co., Ltd., in the heart of Tokio, Japan. Upper left, a general view of the structure. Upper right, handling goods—a telpher at work. Lower left, the basement trunk storage room. Lower center, kimonos on display in the show room. Lower right, the landing arcade along the waterfront*

THE warehousing industry of Japan claims to its credit a unique feature by the spectacular appearance of a most up-to-date warehouse in the very center of Tokio, Japan's metropolis. The new structure has created sensation not only in the Nippon storage industry but also in the general architectural community, because of its novelty of design and the efficiency of its equipments.

The building, opened to business in January, was designed and constructed and is being operated by the Mitsubishi Warehouse Co., Ltd., under the general superintendence of Shinzo Mitsuhashi, the managing director of the Tokio firm.

Before enumerating the details of the new building, something about the present status of the warehousing industry in Japan may be interesting. To quote Mr. Mitsuhashi:

"Here in Japan public warehouses are commonly classified in two distinct classes—port warehouses and city warehouses—the point of this distinction being laid upon the different functions which arise chiefly from the location of each type of warehouses.

"Situated as they are at the connecting point between land and water conveyances, port warehouses are called upon to provide for terminal facilities with spacious compounds, huge sheds, railway sidings, gigantic warehouses with their accessory handling equipments. Cargoes to be handled in port warehouses, it is needless to point out, are chiefly industrial raw materials of great volumes which move in busy passage from port to its hinterland or *vice versa.*

"On the other hand, city warehouses ought to be situated in the center of big cities, and are intended for storing and distributing the daily necessities of their citizens. It follows, therefore, that city warehouses should be located near the city's center markets and should provide perfect storage facilities for such high class finished goods as clothing, provisions, drugs and other valuable products; they should provide also highly efficient city delivery services.

"In addition to these accommodations, modern city warehouses are called upon to have sample rooms; offices for storage clients; storage safes to let, trunk rooms, etc., especially as in Japan household goods warehousing has not yet developed as an independent enterprise and consequently comes within the scope of general merchandise warehousing.

"Now we find that in the course of the

past ten years, spectacular development of Japan's port warehouses along the modern lines has been more than amply effected by the strenuous efforts of big warehouse companies, and today imposing port warehouse systems are presented along the waterfront of Japan's chief ports, such as Kobe or Yokohama. Thus while port warehouses in Japan can be compared not unfavorably with those of America and Europe, Japan's city warehouses have been rather neglected in their proper development.

"But finally, what with the terrible object lessons of the great earthquake fire of 1923 and the completion of consequent street readjustments, and what with ever-increasing tendencies of growing population of Tokyo, the Mitsubishi company decided, after years of contemplation, to launch an epoch-making scheme by erecting an ideal city warehouse in the very center of the capital, with a cost of about Yen 2,000,000.00 (about a million U. S. dollars).

"Indeed, it is not too much to say that the new warehouse is provided with every conceivable feature of modern accommodations which an ideal city warehouse is expected to install. There is not a shadow of doubt but that the new building proves to be the typical model of all other city warehouses which may in future adorn the great cities of Japan. At least, it is a patent fact that at present no warehouse similar to ours can be found in the Far East."

The new warehouse is situated in the most convenient position in the city from a geographical viewpoint. It is reached in three minutes from Tokyo Central Station.

Trunk rooms with steel racks are provided in the basement for storing trunks and other household goods, protected against fire and earthquake. These rooms are provided with Adsol systems

*Shinzo Mitsuhashi, managing director of the Mitsubishi Warehouse Co., Ltd., Tokio*

of air-drying apparatus for the benefit of those who wish to preserve intact precious articles against mustiness, and by this means the humidity of these rooms is always kept below 60 deg.

Ten spacious safes to let, with massive steel doors, and with Adsol system of air-drying apparatus, are provided in the basement for clients who wish to have the exclusive use of small storage rooms by hiring them for certain periods of time. These rooms are declared to be proof against fire and earthquake and to be without parallel in Japan's warehousing.

Office rooms for leasing purposes are provided on the sixth floor, chiefly for the convenience of our storage clients. These offices differ from ordinary ones in that the leasers are enabled to be in the same building within easy access to their stored merchandise. This arrangement affords leasers benefits in sales and delivery efficiency and is something new in Japan.

A spacious show room with skylight is provided on the sixth floor. This, also new in the warehousing business in Japan, is intended for public display of goods in storage and goods in consignment to the company. The room may be used also either as a market room or as an auction room where stored goods may be disposed of or hammered down.

Almost every type of the latest handling equipment is provided, such as telphers, hoists, gigantic elevators, spiral chute, derricks, etc.

The Tokyo company receives consignment goods from clients in other cities for sale and disposes of them according to the instructions of the owners. Thus it acts the role of sales agent for producers in various localities.

Bonded warehousing has been sanctioned by the Government in the new warehouse, and inspectors of the imperial Japanese customs are stationed in one of the firm's offices for the convenience of the consignees.

# *Warehouse to Absorb Cost of Unloading Package Freight on Its Platforms*

IN a full-page advertisement in the local press the Pennsylvania Warehousing & Safe Deposit Co., Philadelphia, has announced over the signature of John A. McCarthy, its president, that it will continue at its own expense, and without any change in its storing and handling charges to patrons, the service of unloading carload package freight received upon its platforms. The consignee will, as formerly, be granted two days in which to remove it.

The advertisement, which is headed "An Open Letter to Shippers, Manufacturers, Jobbers and Distributors of Merchandise," and which reproduces the letter on stationery of the company, says, explaining the situation:

"For more than forty years, this company, acting as the Terminal Agent of the Reading Company and the Baltimore & Ohio Railroad Company, has received carload package freight upon its platforms, which it unloaded free of charge to the consignee and granted him, in addition, two days within which to remove it. The railroads paid this company for this service a sum per ton considerably below the cost of performing it.

"Three years ago, the Terminal Warehouse Company, Walter A. Bailey, The Industrial Cold Storage & Warehouse Company, James Gallagher, Inc., Rex & Company, Inc., and The Northeastern Warehouse Company instituted proceedings praying the Interstate Commerce Commission for an order restraining the railroads from paying this company for this time-honored service. Upon grounds with which you are familiar, their prayer was granted, but only after the vigorous opposition of the leading trade bodies of this city, supporting this company and the railroads in the litigation.

"This company is about to celebrate its sixtieth anniversary of continuous and successful relations with the public. It feels that this terminal service is of such vital importance to the transportation problem of the city, that to discontinue it adds another obstruction to the development of Philadelphia as an important center for the distribution of merchandise.

"Therefore, this company has decided to continue the same service to its patrons, AT ITS OWN EXPENSE AND WITHOUT ANY CHARGE IN ITS STORAGE AND HANDLING CHARGES. This decision is effective at once.

"In conclusion, it can assume this burden only with the encouragement and support of the business and industrial public using Philadelphia as a center. We feel confident that this support will not be withheld."

The advertisement carries a cut of one of the company's buildings and a map showing the strategic north, south and central locations of the firm's twenty-two warehouses comprising, in all, thirty-seven acres of floor space.

—

Commenting on the foregoing situation, the July 1 *Bulletin* of the merchan-

(*Concluded on page 56*)

H. A. HARING'S

# Developing New Business for Warehouses

## No. 69

## "Old Man Specific" in Advertising

DOES your warehouse advertise? Of course it does—unless you are the one sort of warehouseman I have yet to meet: the one who does not want more business!

Advertising is a necessity for any concern that desires new customers and new business. And, with the autumn months just ahead, August is the time of year when business planning is most important. The vacation season, for your employees, means leisure to play and "have a good time." During their outings they give not a thought to you or the warehouse, except at those rare moments when they are obliged to count up the days left for "fun" before they return to what is, for them, the year's grind.

To yourself, too, the vacation means "leisure"; but, to you, that "leisure" is a thing quite different. To you it means time to think, to plan, to study over the warehouse alone by yourself, relieved of the petty distractions of the office and the two hours' lunch at the traffic club. Among problems for you to consider, as you plan the fall campaign for new accounts, is the matter of advertising.

At the present time we shall not think of "How much?" but of "What kind?" Whether your appropriation is $100 or $20,000 becomes a question of size of your business. It is, however, of immense importance that you do plan your advertising so that every dollar will produce best results. Every dollar should be spent with the idea that it will pull attention to your warehouse. Unless it does, you, as manager, are squandering that much of the company's money.

Advertising is not a charity handed out to some publication; it is a legitimate expenditure to increase the company's earnings.

But, if the advertising is meant to bring results, it requires planning and thinking. Not from your most recently hired clerk, either; or from any clerk or employee! From yourself!—on the belief that when you spend a hundred dollars in advertising you must do as good a job as when you lay out a hundred dollars in railroad fares to interview a hot prospect. The only difference is that when you go yourself you can inject your personality into the solicitation, but when you use print the cold type must tell the story in such a manner that the prospect will be interested. The prospect must be led to identify your warehouse as "different" and "better suited to his needs" than all the others who are chasing his account.

WAREHOUSEMEN face a difficulty when they lay out the "copy" for their advertisements. Leaf through the pages of this publication if you wish to see how their brains often run in ruts.

Up in the Catskill Mountains, where I live for seven or eight months of the year, there existed, before the invention of Portland cement, a tremendous industry of quarrying bluestone. This was hauled over the mountainous roads to the Hudson River, for transportation to New York City. There this bluestone was used for sidewalks, door and window sills, and a thousand purposes where we now use cement. During the forty years of bluestone quarrying in the Catskills a procession of great wagons, drawn by four horses, creaked their way out of these mountains.

The roads were rock-strewn and stump-littered. Finally a plank road was built. But four-inch planking wore out in less than a year. Then, by happy inspiration, a stone road was constructed. This consisted of parallel slabs of stone, eighteen inches wide, laid lengthwise. The road question was solved!

The four-inch wheels of the creaking stone wagons carried iron tires. At once these metal tires wore a groove in the stone. The channel of the wheels grew continually deeper, until, in a few years, a wagoneer had difficulty to get his wagon out of the rut. It came to be a commonplace remark that "the drivers could sleep all the way into Kingston except where the toll-gate keeper woke them up!" So real was this fact that thrifty owners of the quarries tried to save in drivers' wages. Instead of one driver for each wagon with its four horses they began sending out the teams, in a procession, with one man to four wagons. They had a rut. Why not use it?

You know what happened. Very soon accidents occurred. Wagons toppled over. Teamsters headed in the opposite direction would cut into the string of wagons. Horses, too, learned to sleep on the road! The old rut made endless trouble, until the toll-road company laid down rules to prevent doubling the teams on the road.

### *Wanted: Distinction*

OFTEN, during these years, I think of the ruts of our Catskill stone roads when I leaf over the pages of warehousemen's advertisements. So many of them are spending money for uninteresting "copy"—"copy" that gives certain facts, it is true, but "copy" which fails utterly to give distinction to the warehouse. Yet this is not necessary, even in such a compendium as the annual Directory issue of *Distribution and Warehousing*.

Look at the Smedley "copy" in the 1931 Directory, if you want to see something "different" where some one has done some thinking, or look at Security's, six or seven pages further along in the book, or—well, look for yourself, through the 300 pages that follow.

Have you ever wondered whether some of our warehouses are as old as the pictures they show of themselves? "The gay nineties" would hardly be in it with some of our advertisements: photographs and "cuts" that must be older than the A. W. A., which was born, you know, in 1872. Wording that has probably not been revised for ten years—that reads like the days of fourteen years ago when warehousemen were turning business away because the house was full to the roof!

But—I'll stop.

Despite all their shortcomings, these advertisements in the trade directory of the industry are possibly defensible. They are put where a man will deliberately come for information. He seeks facts.

Much, if not most, of the warehouseman's expenditure for advertising is of

another sort. It aims to catch the eye of the non-patron, to interest the business manager who knows nothing of warehousing and what it offers in distribution.

Such a prospect is not caught by glittering generalities. If your "copy" would fit a competitor's warehouse merely by transposing the names, it is a flat. What you pay out your good money to tell the public ought to say something specific about *your* self and *your* house. Your message must explain how *your* warehouse will cut costs for the reader.

Your message requires the aid of "Old Man Specific."

### *Who Is "Old Man Specific"?*

"OLD Man Specific" appears to have been born Feb. 13, 1919, when an advertising agent from Cleveland, Marsh K. Powers under a pseudonym, created a character that has become rather famous to readers of *Printers' Ink*.

The creator of this character in the advertising world says of him:

"Old Man Specific is the advocate of demonstrable facts as opposed to unsubstantiated claims and unproved superlatives; of evidence as against unsupported assertion.

"The Old Man makes public in definite terms your strongest sales arguments—your soundest reason or set of reasons for continued existence in a strenuously competitive era—the intrinsic facts about yourself and your company which are actually better than anything your rivals can offer.

"And this Old Man is a hard taskmaster. First he puts to a searching test your merchandise or your service to uncover its competitive justification or its appealing sales point; and then, as a second step, writes 'copy' for the advertisement that may not flow easily from the pen-point.

"His goal is to avoid the message that is easily ignored. and quickly forgettable. Instead of vague phrases in the advertising, the Old Man substitutes tangible appeals."

To illustrate the work of Old Man Specific, his creator asks us to ponder what "cheaper" or "slightly less expensive," as so often used in advertising copy, actually signify. In many cases they are only vague expressions. Yet such a company as Anaconda Copper calls in Old Man Specific, and tells us, for copper-spouting and down-pipes on our houses that

> . . . "it costs a little more than rustable pipe (about $75 in the average eight-room house)."

Or Chase Brass Co., for its Alpha Brass pipe, is even more specific on the same point when it advertises:

> "It costs only ¾ of a cent per building dollar more than the cheapest rustable pipe—for example, about $75 more for a $10,000 house."

### *"The Old Man" in Warehouse*

It is possible, too, to discover something specific for the advertising of our warehouses. Something more may be told in print than just to show the picture of the house and toot the horn of your facilities to distribute pool cars.

And, during the past year, that old codger, Old Man Specific, has been, to all appearances, in the employ of the Bush Terminal Co. That company has dragged the old fellow into our industry. What Bush has done, any warehouseman can do for his own house and his own community; but, in order to do it, he must do also what Bush did in the first place. He must do some thinking.

More is required than to scribble off an "ad" about four forty-five some afternoon.

The warehouseman must give long and hard thought to uncover some specific, definite, angle of his day's business that will make "copy" so telling that a reader will be compelled to stop and read the page. He must get his "ad" out of the deep rut, worn by repetition of the four-inch wheels of his creaking wagon!

For the purpose of illustrating what is possible for the warehouseman to do, we shall give in some detail a sample of the Bush advertisement. In telling about them, I would not, for one moment, be guilty of urging that other warehousemen copy these advertisements, for it should be remembered that the commodities which Old Man Specific discovered on the Brooklyn waterfront apply to Bush and to the New York market. Similar examples, belonging to your community and your warehouse, can undoubtedly be uncovered that will make quite as interesting a story for the readers of your newspaper.

Old Man Specific, when he browsed through the 125 warehouse buildings of Bush Terminal, stumbled upon phonographs, Victor goods and R.C.A. equipment, and a couple dozen more. The Old Man grabbed one of them, and, in page advertisements, he told manufacturers this:

> **What Stromberg - Carlson Does When John Smith in the Bronx Wants a Radio Set TODAY!**
>
> WITH a tremendous number of outlets, large and small, in the New York market, Stromberg-Carlson requires hair-trigger distribution service—so that a single receiver or a truck load of sets can be delivered to their most remote metropolitan dealer, quickly and safely.
>
> Sets, tubes and speakers can't be thrown about like bean bags. They must be carried tenderly and set down gently.
>
> What does Stromberg-Carlson do when John Smith, in the Bronx, wants a radio set—today? Nothing—nothing at all. But capable, experienced Bush Terminal men do things—and John Smith gets his Stromberg-Carlson set, today.
>
> Stromberg-Carlson has found it easier and less expensive to use the Bush Distribution Service than to build and maintain an organization of its own. Bush trucks, men, buildings, organization—these are completely Stromberg - Carlson trucks, men, buildings and organization, as Stromberg-Carlson requires. Orders are filled quickly, carefully, from the ample stock always on call at Bush Terminal. Stromberg-Carlson pays for space, service and facilities only when, if and as they are needed.

This highly interesting "story" of what the modern warehouse can do for a specific product was followed by smaller type which asked and answered this question:

> **Is 50% of Distribution Costs Worth Saving?**
>
> A manufacturer who distributes his product with Bush facilities now pays $28,405.50 instead of $61,270, his costs when he maintained his own distribution organization. A saving of $32,864.50 each year. Rent alone was reduced more than 50 per cent. . . . Many costs entirely eliminated.

Old Man Specific, in his wanderings over the waterfront properties of Bush, came upon mountains of cigarettes. You have them in your warehouse, but have you ever told the tobacco users of your city how they are dependent on *your* good delivery and handling services for their smokes? Bush did, when The Old Man wrote this bit of advertising "copy":

> **Chesterfield Cigarettes**
>
> Employ the distributing facilities of BUSH TERMINAL because "They Satisfy"
>
> "FEEDING" the popular Chesterfield Cigarettes to the entire metropolitan area of New York is almost as rapid-fire as delivering the morning papers. Numberless retail outlets must be kept constantly supplied with Chesterfields. Liggett & Myers have found that they gain speed, efficiency and economy by using the distributing organization and facilities of Bush Terminal.
>
> Bush Terminal provides floor space in flexible units for reserve stock of Chesterfields. The responsibility for incoming and out-going deliveries and the physical distribution organism is placed on Bush.
>
> **United Cigar Stores, R. C. A. Photophone, Del Monte and Beech-Nut are a few of the large manufacturers who use one or more divisions of Bush Terminal Service.** Apartment house living provides added conveniences at low cost—and "apartment house" manufacturing, warehousing and distributing does the same, on a scale that is of vital economic value. **Many manufacturers are saving as high as 50 per cent of their former production costs.**
>
> Eight enormous ocean steamship piers; miles of railway sidings; massive warehouses and manufacturing units; 10,000,000 square feet of floor space available in any size unit—single floor units from 5000 to 100,000 square feet; cold storage; heat, light and power in any quantities—at low cost. These are only a few of the Bush features.

Old Man Specific found tooth pastes galore under the roofs of Bush. Is there a warehouse, in any city, where he would not? But, notice how effectively the Old

man told a Bush story and how perfectly he tied it in with the most popular radio program of the year!

The advertisement announced:

**Amos 'n' Andy sell it—but BUSH distributes it throughout Greater New York.**

DISTRIBUTION of merchandise is a vital part of the selling job. The Pepsodent Company knows it. Bush Terminal Company knows it. The result is that Bush Terminal distributes Pepsodent throughout the New York metropolitan market, leaving the Pepsodent Company free to concentrate on making it and selling it.

No sale is completed until the goods are delivered. It works this way: In the spacious warehouses of Bush Terminal is a large stock of Pepsodent. An order from a druggist appears. The quantity may be a gross or it may be a third of a dozen. All the same to Bush Terminal. The smoothly greased wheels of Bush Distribution Service turn and within a few hours the order is filled—with no trouble to anyone in the Pepsodent organization. This service is strictly *à la carte*. Pepsodent pays only for the services required by Pepsodent. This has made it possible for major economies to be effected. It permits quicker deliveries—which is only another way of saying sales acceleration.

At Bush Terminal a broad, flexible, varied service provides production economies and distribution efficiency.

As a part of this advertisement Old Man Specific got across to the reader another definite bit of information. It was captioned "Bush will save him 35 per cent," and. in quite small type, boxed off from the Amos 'n' Andy and Pepsodent story, was this, which any prospective patron is sure to read:

Before one manufacturer learned about Bush for distribution his annual costs were $22,565. Yearly cost at Bush only $14,595. Saving $7,970, that is 35 per cent. Light and power cut from $5,000 to $3 900. Insurance premium from $1.365 to $150. Trucking costs $6 000 and elevator expense. $1.200 entirely eliminated. And on a single floor at Bush he won't need an extra shipping man to whom he has been paying $2,C00 a year.

Old Man Specific wrote another advertisement for Bush under the title of: "Can any Distribution Task Be Too Hard for Bush?" This was published twice. One time it was illustrated with a photograph of 28 shipping cases of commodities handled through Bush warehouses, from mouse traps to a crated Johnson's Sea Horse; and, another time, with a picture of 17 cases that showed products from Raleigh cigarettes to a Frigidaire.

The same idea has also been used by the Merchandise warehousemen's advertising when their "copy" showed cases of goods handled in warehouses.

Old Man Specific, speaking on the subject of "Can any distribution task be too hard for Bush?" told the reader:

THE products shown on this page are only a few of the hundreds which have been and are being distributed throughout the New York metropolitan district by Bush. The problem of taking Johnson's Sea-Horses to retail outlets is quite different from the task of distributing Chesterfield cigarettes and of serving as a source of supply to drug stores for the Wildroot Company.

No product is too small, too heavy, too bulky, too fragile, or too unusual for Bush Distribution Service.

Manufacturers and selling companies can effect large savings—often as high as 50 per cent—by using Bush instead of setting up their own branch warehouses.

Do business men read such ads?

I am not authorized to speak for Bush. I do know, however, that when in 1930 the American Warehousemen's Association used a similar bit of copy, showing a lot of products handled through warehouses, they were deluged with complaints. From whom? From manufacturers of nationally distributed commodities whose familiar cases were *not* shown in the ad! They wrote to inquire why they had been overlooked—much as the sweet girl graduate would yell if the newspaper printed a photograph of the graduating class without showing her face.

Reverting, once more, to the Bush advertising, this company gave Old Man Specific another idea. He thought prospective patrons of the warehouse might not know whether a warehouse would save in their costs. The best way to tell them was to name a name and tell what they had saved for it. Therefore, to invite inquiries, the Old Man offered a "Free Industrial Survey to tell you how excessive costs may eat into PROFITS." The copy for this was:

**FREE INDUSTRIAL SURVEY . . . to tell you how excessive costs may eat into PROFITS**

**If You Are a Manufacturer,** you may be supporting idle or nonproductive floor space; you may pay too much for labor or power; your trucking and shipping costs may be excessive; your floor plan may not be economical. It has been possible for Bush to show manufacturers how to save as much as 50% of production costs. Beechnut Coffee, A & P and others have found it more profitable to manufacture at Bush Terminal.

**If You Warehouse Merchandise,** are you paying too much for trucking, shipping or cold storage? Is your space flexible enough? Are you near enough to piers and rail facilities? Perhaps Bush can show you enormous savings . . . as we have for United Cigar Stores and others.

**If You Have a Distribution Problem,** it may be that a Bush survey will show you that you can use the distribution service that has proved so effective and economical for Pepsodent, Liggett & Myers, DuPont and others. Complete distribution service—from a stock at Bush Terminal—to the entire metropolitan area.

**The Bush Industrial Survey is Free** . . . You will not be subjected to selling pressure. We only wish to help you discover whether these varied facilities can be of specific value to your business. Write or phone for full particulars.

And, throughout the series of advertisements, nearly every piece of "copy" has mentioned this "free industrial survey" somewhere, tied up with an invitation to "write or telephone" for further information.

### *Make the Old Man Work for You*

"THAT'S all right for Bush," I can imagine a reader retort as he scans these pages. "They're rich and big. But, we're different."

Yes, you are different. There is only one Bush Terminal, just as there is only one Greater New York and one Port of New York. These advertisements of Bush have not been retold to you readers of *DandW* in order to recommend that you copy the ideas. They are given as a suggestion of how any warehouseman, anywhere, can take a case of goods on his floor and turn loose Old Man Specific.

The Old Man should dig up such facts as will interest the manufacturers of your community and then tell them a story of warehousing, using examples of Del Monte or Campbell or Lux or what-not, to show how your warehouse cuts the cost for your patrons.

A single definite, specific instance is worth, for this purpose of advertising, more than all the statistics of the census. No one ever reads a statistical table, anyhow, except the man who worked all night to make it.

For, in order to be read in the intense competition for readers' attention, your advertisement must say something. It does little good to yell that "the warehouse cuts costs." That is a generality. Old Man Specific does the job more effectively. He names a name; he shows what the named warehouse does for that product; he tells how much money was saved for the named manufacturer.

The Unknown Soldier, at all the capitals of the civilized world, has become an emblem of submerged personalities. We have builded him a monument; we lay a wreath on his grave. But, when we talk of the war that ended thirteen years ago, you speak to me specifically. You name your son who did not come back; you remember the cooties and the famine of cigarettes and the black nights at the front; or, if you did not go or give, you name names. Pershing symbolizes the victory we won; not the Unknown Soldier.

And so, when you try to tell the story of your warehouse, call in this old fellow, Old Man Specific. Drop glittering generalities in your "copy" for advertising. Tell something definite and specific.

Possibly it will pay you to re-read that Smedley "ad" in the 1931 Directory. And, when you read it, take in both pages—they belong together.

# MOTOR FREIGHT

Reg. U. S. Patent Office

**FOR the busy executive of a warehousing business who is keen to keep abreast of the times there are several important new things to think about in the field of motor freight. Developments are following one another at a rapid pace, and all have a distinct bearing on the cost and opportunities of handling the hauling requirements of any warehouse business, regardless of its size. There are many advancements being made on the manufacturers' side of the industry, and some of these will be discussed in this department, which is conducted**

***By Philip L. Sniffin***

## THIS MONTH

## *Developing the Driver-Organization into an Asset*

OPPORTUNITIES are available today, greater than ever before, for developing a driver-organization into a valuable asset in the general conduct of the business.

The reasons for this are, first, that we have under today's conditions an employer's market as to personnel; and, second, that the executive of a business today may easily have the benefit of a lot of valuable experience of others who have studied their driver-policies, experimented with them and found answers which any other concern may adapt to its own individual purposes.

This is an ideal time, then, to look over our own theories about drivers; to compare them with the ideas of others who have lately studied this subject; and to make certain that our own ideas and plans as to our drivers are in keeping with the best thought and practice.

We devote this article to some expressions of opinion on driver policies as they have come to the writer from companies which may be regarded as successful operators of motor vehicles.

THIS is a statement from one manager who is responsible for handling a fleet of about 30 vehicles

"The individual who is responsible for the delivery department must understand men. Personal interest does the trick. You can have all the rules and regulations you want, but it is knowing the men as individuals that enables you to encourage and to develop the good ones and to weed out the undesirables.

"We have very little trouble in getting competent, careful drivers. Our best source for this kind of man lies in the helpers who ride the trucks with our regular drivers. We make it a point to promote these helpers before going outside for drivers; and any helper who wants to become a driver simply enrolls his name. When an opening comes, the man at the head of this list is given the first opportunity to qualify. If he does qualify—and it is rarely that he doesn't—he is grateful for the advancement and begins his work with a good morale and sense of loyalty that makes him valuable.

"We never advertise in newspapers for drivers. We don't need to. When it happens that our enrollment list is empty and the friends and relatives of our drivers and helpers (another source of good drivers do not apply, we simply post a sign, 'Drivers Wanted at Garage.' These signs quickly bring men for the vacancies.

"Applicants for the positions must fill out a blank, stating such facts as age, married or single, height, weight, education, present and past employers for the past ten years, habits and character references, etc. Once the blank is filled out, each answer is checked exhaustively for its accuracy, thus insuring the company of honest drivers and thus making it impossible for a man who has been discharged from one branch office of the concern to find re-employment at another.

"After an employee has served faithfully for three months he is eligible to join the 'Drivers' Club.' Membership in this club automatically provides a form of group life insurance protection. Each employee pays into this club a nominal sum and each payment is duplicated by the company. The life insurance steadily increases year by year and membership provides pensions for disabled employees. Just before Christmas each member receives a cash bonus from the club, the bonus usually amounting to more than 100 per cent of the member's investment in the club. In the event of a man leaving the employ of the company, there is returned to him the amount he has paid to the club. The duplicated sum is retained in the club's treasury.

"The 'Drivers' Club' has proved of inestimable value in maintaining morale and loyalty. Occasionally we have social evenings with refreshments and moving pictures."

It happens that the manager in this firm is an expert in the operation of both still and moving picture cameras and in some of the films shown during these club socials some of the drivers may themselves appear, often greatly to their own surprise.

He has an unusually amusing and subtly educational picture entitled "The Ham Driver," which illustrates graphically and humorously every possible thing a driver should not do. The picture is the equivalent of 1000 feet of standard film.

### *Safety*

IN one concern in an eastern city the accident records showed that there had been an increase from 2.4 accidents per truck in one year to more than 5 in the next. In the third year, by waging a campaign among drivers to reduce accidents, the figure was cut to 2.2 accidents per truck.

This remarkable result was brought about by the assignment of one man in the organization to devote his time and energies solely to safety work. Nothing startling featured his methods. They were simply plans prompted by an understanding of human nature and carried through with steadfast perseverance.

One of the first things he did was to make a survey of accident prevention. He consulted other operators engaged in safety work but found little that was adaptable to his needs. He studied the accident records of the company and talked over things with the company's

## *Detroit Firm's Semi-Trailer Outfit Can Move 12 Rooms*


TEN or twelve rooms of modern furniture can be moved all in one load today just as easily as the old cook stove and several beds and a table could have been piled on the wagon of our traveling forefathers.

The Checker Moving & Storage Co., Detroit, recently purchased the Fisher-standard tractor truck and Fruehauf semi-trailer, which, herewith illustrated, is adapted to either long or short hauls.

The semi-trailer is a Fruehauf Model A-279 drop frame with front end rounded to permit close coupling. The van body has a capacity of 1600 cubic feet. It measures 30 feet in length, 8 in width and 7½ in height, inside of the drop. The body is painted green and has yellow lettering shaded with red, the checkers being black and white.

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divisional and garage superintendents.

As a result he concluded that the company's high accident rate was due more to the state of mind of the drivers than to any other cause. In this connection he said:

"The drivers generally were competent and knew how to drive safely, but did not employ their ability. I felt that my problem was one of guidance and encouragement. So I decided to base my efforts on teaching them to think safety, thereby preventing development of those road hazards which invariably result in accidents."

Having decided on a definite line of procedure, his next step was to assemble the 120 drivers of the fleet in a meeting. Here, after having been introduced as the "Safety Man," he frankly related what was planned, the reasons therefore, and the objective. He told them that the company's experience was bad and had to be improved and that the present personnel could bring it about. He explained also that his job was to aid and advise wherever possible and hoped they would consult and cooperate with him on all problems pertaining to safe driving.

Thereafter one meeting was held each month, at which time results of the program were presented to them without reservation. Records were either commended or criticised, and particular cases were briefly analyzed. These meetings were held down to 15-minute periods—enough to keep the importance of the situation alive.

Fortunately, a record had been kept for the past four years on the accident experience of every driver on the staff. With the inauguration of the new order, four men out of the total were dismissed because of the facts revealed by this record. The rest of the force, of course, were told why these men were "fired." In connection with dismissals, the "Safety Man" explained that judgment had to be exercised because the nature of the work required months of training before a driver could handle a route capably, and replacements are hard to find. The superintendent, while 100 per cent in accord with the safety work, also was reluctant to let his men go and had frequently to be convinced that the decision to dismiss was a wise one.

Little difficulty, however, was experienced from this quarter because the men are given opportunity to redeem themselves. But if the record revealed them to be confirmed accident makers, they were discharged.

This policy is strictly adhered to. If, however, the "Safety Man" is impressed with the earnestness of a driver and feels he has been playing in hard luck, a personal talk and an extension of service on probation are given the man.

That this method of treatment works is indicated by the case of one driver whose record revealed eleven accidents in the previous year and not one for the first eleven months of the year in which the campaign was conducted.

As the year went on, after profiting by experience, watching, studying and experimenting with ideas, it was concluded that while no ironclad set of rules could be devised for meeting every accident prevention need, a general plan could be followed through. The company feels that the plan pursued during that year, covered by the following ten points, was sufficiently flexible to permit its application as a permanent policy:

1. Holding 15-minute monthly meetings.
2. Individual accident records of drivers.
3. Requiring a report on all accidents.
4. Personal talks with the drivers.
5. Awarding annual certificates for safe driving.
6. Maintaining interest by:
   (a) Forming competitive teams.
   (b) Conducting non-accident pools.
   (c) Using stickers and posters.
   (d) Staging safe driving title contests.
7. Taking an interest in personal affairs of drivers.
8. Securing cooperation of superintendent.
9. Writing periodic bulletins to all drivers.
10. Christmas accident and attendance bonus.

### *Another Viewpoint*

ANOTHER manager recently told the writer that he has just three rules for developing the kind of drivers he advocates—care in employing them; training; and good pay.

"We have found a combination commission and salary the best method of paying drivers," he states. "And we endeavor to see that every one of our men is paid a minimum of $40 a week. The average runs about $5 or $6 a week more. This pay in our city is sufficient to support a family in comfort and permit a man to save a little.

"You can't expect to retain good men or have them devoted to your best interests unless they are paid something more than a living wage. A man who gets barely enough to live on feels that he is just existing; that he has nothing to look forward to, and that he has little to lose if he is fired.

In addition to salary and commission, we have found the practice of offering bonuses from time to time for the greatest volume of new business, or business of a particular type, very successful. For instance, I recently offered a new suit of clothes to the driver who would bring in the greatest volume of new business over a period of two weeks. There was a more than satisfactory increase in business of this nature during this period."

This man personally picks his drivers, though he is called on to do this very infrequently, as the slightly higher wage scale cuts down labor turnover.

"I like to have a talk with beginning drivers and explain the policies of the organization and what is expected of our employees," he says. "As a rule we prefer men between 25 and 35 years old, married and with families. Invariably such men are steady and dependable yet still full of ambition and enthusiasm in starting on a new job."

For the first week or two a green man is paid a flat salary and sent out with a veteran driver. During this period he becomes familiar with the "ten commandments" of drivers. These are:

1. No matter what the circumstances, always be courteous. Be cheery. Never argue.
2. All State and city traffic laws concerning speed, lights, parking, etc., must be carefully observed.
3. Reckless, fast driving is prohibited. Better be a few minutes late than risk an accident.
4. In case of an accident, a full report must be made to the offices at once.
5. Drivers are not permitted to carry passengers on company trucks.

6. Trucks should be kept in neat, clean appearance.
7. Always examine the money carefully in making cash deliveries.
8. It is bad policy to show delivery or order tickets to anyone. Boastful statements concerning number of deliveries or volume of business must not be indulged in with other drivers.
9. Call the office for instruction before leaving unpaid for C. O. D. deliveries.
10. Drivers are expected, if the management requests, to "clean-up" all important undelivered orders, at the close of the regular day on Saturday or the days before holidays.

"The careful-driving rule," to quote further, "is especially emphasized. We have managed to impress the idea of driving carefully so effectively that we have paid out as result of traffic accidents less than $100 for property damage and liability in five years. To see that this rule is carried out I frequently trail a driver over a portion of his route."

He pointed out that while a company could protect itself against accident damage suits by means of insurance, an accident in which a person was hurt, especially a child, was one of the worst possible blows at good will.

This company follows the practice of dividing the city and surrounding territory into zones, with one driver responsible for each zone. Men are seldom shifted from one zone to another. "By covering the same district day after day, drivers are able to establish friendly relations with their customers and familiarize themselves with their traits and desires," he explains.

## *Federal Introduces Longer Bodies for Its 1½-Ton Chassis*

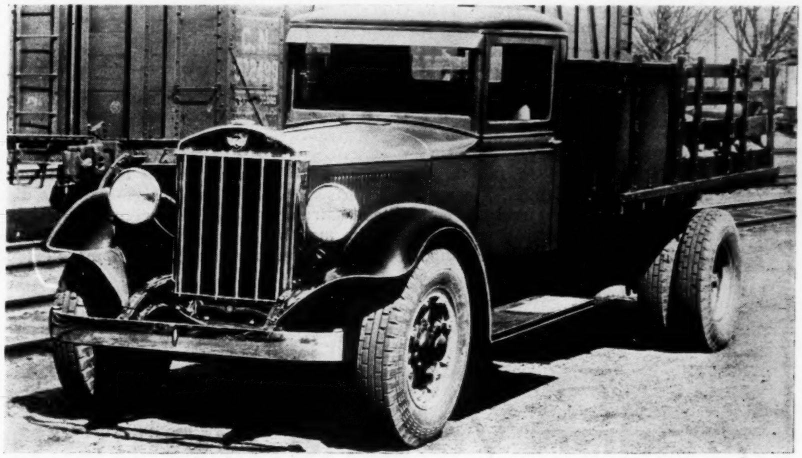
IN answer to a growing demand for longer bodies on 1½-ton chassis, the Federal Motor Truck Company, Detroit, has developed two models with 168 and 163-inch wheelbases for the mounting of 11½ and 12-foot bodies. These new models are designed to haul light, bulky loads or material of unusual length the weight of which does not exceed the rated capacities of these trucks.

Such merchandise as confectionery, paper boxes, barrels, empty cases, mattresses, lumber, sash and door materials, furniture, etc., can be conveniently transported in these extra-long bodies.

Before the development of these two new wheelbases the longest wheelbases available on these Federal models were 151 and 156 inches. On such chassis a 10-foot body was the longest that could be used in conformance with good engineering practice, as compared to the new 11½ and 12-foot bodies.

Misfit haulage equipment is found in practically all lines of service and it is quite common to find a chassis carrying a body entirely too long for it. Oftentimes the center of the body will be back of the axle. This means that the greater the load on the truck, the less the load on the front axle. In other words, there is a leverage exerted which tends to raise the front axle off the ground. This makes steering unsatisfactory and there is risk of the frame breaking on the top due to the tendency of the load to lift the front axle off the ground. The rear tires carry an excess load and consequently wear out very quickly. All these disadvantages are overcome by chassis with correct wheelbases.

## *Reo Announces a Heavy-Duty 6-Cylinder 4-Ton Model*



THE Reo Motor Car Company, Lansing, Mich., announces production of a heavy-duty 6-cylinder 4-ton truck, illustrated herewith, with a gross rated capacity of 20,000 pounds and a net capacity of 13,800 pounds including body, cab and pay load.

This 4-ton "speedwagon" is offered in three standard wheelbases—150, 170 and 190 inches, the shortest being for tractor and dump body service. Equipment includes fully-inclosed hydraulic brakes, which provide 390 square inches of braking surface, supplemented by disc-type parking brake 14 inches in diameter, fitted to the propeller shaft.

Body types available include high and low side platform with or without ridge pole; van bodies for truck and trailer mounting; and refrigerator bodies.

## *Klein Emphasizes Value of Business Facts*

(*Concluded from page 25*)

stock markets of 1929 and their subsequent collapse.

"How can we get away from the impulse to unsound expansion, succeeded by the impulse toward equally unsound contraction, which transmits invariably to industry and commerce? Better knowledge as to all phases of the intricate operation of industry, wider distribution of ascertained facts, and the institution of effective research into economic factors will make for business stability. Forward-looking people from all ranks of national enterprise have afforded counsel and cooperation to the efforts President Hoover set on foot years ago in the Department of Commerce for the collection of business facts, and have assisted in their arrangement and presentation ever since.

This *Survey* is one of the culminations of that effort, which has just been radically extended and modified as a result of experience in its preparation. Today, it offers something like 2000 separate measurements of conditions prevailing at the moment in fields of national production, distribution and finance. It sets up comparisons running back many years as to a host of important business indicators. I am glad to report that the Department has had great success in speeding up all phases of its publications, greatly aided by the friendly assistance of many trade associations, educational institutions and individual business enterprises which collaborate with their statistical data.

"Get a glimpse of the ideal which men of vision have set up for us in this matter: If the decision, action and policy of a very large proportion of the business community can ever be shaped by exact knowledge, expressed in records like these, rather than swayed by the hazards and guesses of speculation, we can hope that the extravagance of these up-and-down swings will as least be moderate. We shall be approaching some form of control of our economic cycle and have less reason to fear unemployment suddenly rising to harass millions of workers.

"Apparently, as a nation, we learn best in suffering—under the rod of adversity. It took a long series of business depressions before the United States exerted itself to organize a sound currency and credit mechanism, which our Federal Reserve System now administers, even though in each of those old depressions a general collapse of banking institutions obviously occasioned acute distress."

# WITH THE ASSOCIATIONS

**HERE is presented in tabloid form the Association news that is of *general interest* to the industry as a whole. No effort is made to publish complete reports of all Association meetings; the dissemination of such information is logically the work of the officers and the committee chairmen. What is presented here is in effect a cross-section review of the major activities so that Association members may be kept advised as to what "the other fellow" elsewhere in the country is thinking and doing. When annual or semi-annual meetings are held, more extended reports will occasionally be published.**

## Canadian Volume Maintained But Profits Decline

### McKeag Deplores Price Cutting

PRICE cutting during the past year had greatly reduced and in some instances eliminated profits, notwithstanding maintenance of volume, George H. McKeag, Winnipeg, told the eastern regional meeting of the Canadian Storage & Transfermen's Association, held at the King Edward Hotel in Toronto on June 19. The Dominion organization, instead of staging its usual annual convention this summer at Winnipeg, as had been planned, has eastern and western sessions, the western gathering at Jasper Park Lodge, Jasper Park, Alberta, on June 24.

The Toronto assembly devoted its time to round-table discussions of problems of interest to merchandise and household goods storage executives, about twenty-five in number.

Reviewing conditions, President McKeag said he had found on careful inquiry that both the merchandise and furniture warehouses in Canada now had in storage about the same volume as in 1928, 1929 and 1930, with some of the operators actually reporting an increase.

Nevertheless, Mr. McKeag declared, gross revenues were down by 10 to 30 per cent and net revenues were down from 50 to 100 per cent.

This falling off he attributed to price cutting by some warehousemen, this being followed by price cutting by others in order to meet the competition.

Reductions were not justified, Mr. McKeag told the delegates, because during the boom period there had been no rate increases, while the overhead today was as high as ever.

Solution, as the Winnipeg executive saw it, lay in cooperation by the association's members in an effort to maintain rates on a profitable basis. Strong provincial and local organizations were essential, he maintained. He quoted Martin H. Kennelly, Chicago, president of the National Furniture Warehousemen's Association, as saying: "When business is booming, credit is taken, individually, by warehousemen. When business is bad, why the associations are not functioning. There is no substitute for individual effort."

Cooperation, Mr. McKeag continued, "forms a strong factor in helping to boost us along the path that leads upwards to the plateau of prosperity out of the distressing trough of depression."

Alluding to highway legislation, Mr. McKeag reminded that the various Provinces had enacted numerous statutes during the past year regulating trucks and busses, and he urged the members to watch such legislation in their own interests. He recommended cooperation by the association with the truck and bus owners' organizations.

Wilson V. Little, Chicago, executive secretary of the merchandise division of the American Warehousemen's Association, took part in the discussions at the merchandise meeting, at which C. A. Richardson, Toronto, presided.

#### *Tariffs*

Alexander Fleming, Montreal, pleaded for uniformity in storage and handling rates along the lines followed in Montreal during the past two years. The price cutting orgy mentioned by Mr. McKeag could not endure, Mr. Fleming declared; the position today, as he saw it, was that there were as many merchandise accounts as ever, but revenue was down because individual accounts were carrying smaller stocks due to the business depression. Mr. Fleming explained the difficulties being encountered in the effort to prepare a Dominion-wide tariff basis. Also he disclosed that some of the merchandise warehouses were beginning to accept household goods as a source of revenue.

In Montreal, Mr. Fleming continued, the public warehouses were feeling the competition of the Harbour Commission warehouse, the latter being benefited by free insurance and absence of taxes and thus being in a position to offer low rates. The Montreal warehouses had been gathering facts and would take action, he stated.

Mr. Little told the Canadians that in the United States the local associations had tariff guides modified by local conditions. They were more than mere mathematical tables, he declared, being scientifically constructed.

With the coming of mergers, Mr. Little said, the prospect was that commodity rates would be established. He explained that the newer type of business resulting from mergers had changed distribution from local to national and that this would require the establishment of a uniform rate for the handling and storage of the commodities of each concern.

Alexander Fleming advocated charging for extra services, which stores were more and more demanding. There would be a general warehouse policy of demanding payment for such services, he declared.

Mr. Little considered that these charges should be an integral part of the storage contract, as they anticipated contingencies in the conduct of an account which were not taken into account when making the storage contract. A Chicago survey had shown, he said, that extra revenue from this source constituted 10 per cent of the gross revenue—in many cases representing the profits of the business. Also uniformity of definition was required, specifying whether the charge included the unloading of cars.

The problem of standardizing the warehouse receipt for Canada, as has been done by American warehousemen in the United States, was discussed and the consensus was that this should be done, thus carrying to conclusion the action taken at Regina two years ago, in creating a committee to effect such standardization.

At the furniture division C. F. B. Tippet, Toronto, opened a discussion of local moving problems. A standard shipping order form for all freight shipments was submitted and approved.

The question, "Should we standardize on a notice of sale?" was discussed by J. H. Warren, Toronto, and a form presented for approval was adopted.

Problems in connection with warehouse labor charges were brought up by Fred Crone, Vancouver. An affirmative vote was passed on the motion, "Should warehouse charges be shown as a separate item on the customer's account?" and it was decided that one-half month's storage was an appropriate charge.

The advisability of having a standard bill of lading or contract for all long distance moving, as suggested in the recent Ontario regulations, was discussed and approved, and a standard form was agreed on.

The activities of the Allied Van Lines, Limited, Canada's counterpart of the Allied Van Lines, Inc., of the N. F. W. A., was discussed, and the officers reported progress.

"The directors," W. Pickard, Toronto, the secretary, reported, "have had several meetings in connection with various details which are necessary before actual operations are commenced. It is expected that in the very near future agencies will be secured in the main centers of the eastern district.

"In order that the company may operate economically and efficiently it is essential that each member shall cooperate to the fullest extent. It is proposed that hauling and non-hauling agencies will be available. This will enable a member who does not care to do long distance moving, or has not suitable equipment, to book orders and secure his commission.

"After the organization is thoroughly under way it should go a long way in reducing the one-way loads which most of us have at present.

"The directors firmly believe that with your assistance and cooperation the company will grow and develop into a large and successful organization. Confidence and patience will, of course, be necessary to carry this through to success."

—*Editorial Services, Toronto.*

## *Keenan President of Local in Pittsburgh 10th Straight Year*

THE Pittsburgh Chapter of the Pennsylvania Furniture Warehousemen's Association at its recent annual meeting reelected the same officers who have served for the past ten years.

President, James F. Keenan, president Hough & Keenan Storage & Transfer Co.

Vice-president, D. F. Shanahan, president Shanahan Transfer & Storage Co.

Secretary-treasurer, Hugh G. Walsh, secretary of the Hough & Keenan firm.

Charles J. Blanck, treasurer of Blanck's Transfer & Storage Co., and Joseph F. White, president of the White Transfer & Storage Co., were chosen directors.

The Chapter decided to create associate memberships and a committee was appointed to arrange this—D. V. Murdoch, chairman. and Charles J. Blanck and Ed. C. A. Werner.

## *Trade Commissioner Foresees Confusion in Plan to Amend the Cold Storage Practices*

DISTRIBUTION AND WAREHOUSING'S
Washington Bureau,
1163 National Press Building.

A WARNING that the plan of the Federal Trade Commission to amend the trade practice rules subscribed to by the commercial cold storage industry may cause confusion and mitigate the good to be accomplished was expressed in a rather surprising announcement on June 29 by William E. Humphrey, a member of the Commission.

Early in June the Commission forwarded the "suggested" changes to the leaders of the cold storage industry, with notice that they had sixty days in which to accept them, following which they would take effect, amending the old set of rules which had guided the business conduct of the industry for some time in the past.

In his announcement Commissioner Humphrey makes the direct charge that his colleagues are engaged in an attempt to "standardize" the trade practice rules in a manner that would give little or no consideration to the differences that may exist in the business practices and conduct of different industries.

"Reasonable standardization in rules that are adopted by future conferences of course is desirable," the Commissioner said. "But standardization of the rules that we are now considering, I cannot believe is wise or even fair to industry. These present rules have been adopted and worked out in some instances for several years by the various industries that adopted them.

"We are now to serve notice upon them that many of these rules have been changed. And for what reason? That they are illegal or have been abused or have not worked out well? For none of these reasons. But for the sole reason that we wish them to be in the exact language that we have adopted in other industries—not in similar or associated industries, but in industry generally." He continued:

"These many rules that have been adopted and authorized by the different industries were generally adopted and formulated under advice of counsel. Can we reasonably expect that this change will not be followed by uncertainty, confusion and more or less of injury to the industry? Can we reasonably hope that no harm will be done and that in many industries it will not be considerable?"

After some more detailed discussion to the point that it is impossible because of the difference in industries, basically, to set down a set of uniform rules to govern all, Commissioner Humphrey inferred that the plan to change the rules was based on either indifference or laziness on the part of his colleagues. He said:

"And what is the reason for this standardization? Let us be fair with ourselves and with industry. The reason for this standardization is because by this method it is easier for the Commission to make one rule for all industries than it is to study all the rules for each industry, to see if such rules be legal and proper. In other words, this standardization of the rules of the industries is for the convenience of the Commission."

The Commissioner added that the more they reduced the rules to a standard the more nearly they would reduce the result of the work of the industries concerned and of the Commission to a mere clerical performance, "and," he added, "the more nearly the value of these rules approach zero."

He alluded to the plan to standardize the Group Two rules as "an absurd impossibility," as these rules are those entered into voluntarily by the industry concerned and in many instances cover situations peculiar to that industry alone. The Group One rules, on the other hand, are those that could be forced on any industry by the Courts if they did not care to adhere to them voluntarily.

Probably the most surprising feature of Commissioner Humphrey's announcement rests in the fact that it practically reverses an announcement he made a week previously in which he extolled the plan to amend the rules. In that statement he said:

"The Commission has just finished revising the rules of over eighty industries. These revisions were made in order to make certain that no industry might be unwittingly led to violate the law and subject itself to prosecution. These revisions are directlly to the advantage of some of the industries and have not greatly injured any of them."

He also took occasion to make an emphatic denial that the Commission was contemplating the abandonment of trade practice conferences entirely.

"So far as I know," he said, "not one of the Commissioners has expressed the opinion that the trade practice conferences should be abandoned, nor do I believe that any one of the Commissioners holds such opinion."

What occasioned this change of sentiment in less than a week has not been explained.

—*Robert C. McClellan.*

### *Washington State Association Elects Fortune President*

THE Washington State Warehousemen's Association at its annual meeting, held in Seattle, elected officers and trustees as follows:

President, Jack Fortune, Fortune Transfer Co., Seattle.

Vice-president, W. B. Fohlin, secretary Spokane Transfer & Storage Co., Spokane.

Secretary, H. P. Mehfeld, Winn & Russell, Inc., Seattle.

Treasurer, J. R. Goodfellow, manager United Warehouse Co., Seattle.

Trustees, William Beardmore, operating executive Beardmore Transfer Corporation, Spokane; F. E. Grimmer, manager Grimmer Storage & Truck Line, Inc., Spokane; J. J. Crawford, president Yakima Transfer & Storage Co., Yakima; Daniel Bekins, owner Bekins Moving & Storage Co., Seattle; Walter Eyres, president Eyres Storage & Distributing Co., Inc., Seattle; R. R. Mitchell, secretary System Transfer & Storage Co., Seattle; and the association's retiring president, J. E. Turnquist, president A. A. Star Transfer Co., Aberdeen.

Henry Reimers, Chicago, executive secretary of the National Furniture Warehousemen's Association, outlined the National's plans for railroad container car service.

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### *Uniform Estimate Blank Adopted by Californians*

THE northern division of the California Van & Storage Association voted, at its June meeting, to adopt, with a few minor changes, the uniform proposal or estimate blank now in use by the southern division of the California Association.

The meeting was held the 20th at the Elks' Club, San Francisco, with the vice-president, C. A. Buck, in the chair. It was his first appearance since his recent serious automobile accident.

The action on the blank form followed a report by Reed Bekins, San Francisco, chairman of the committee created to select a form. It was decided not to have the various items of furniture designated in the space for listing goods, as it was considered easier for the estimator to write down the list of articles by rooms as he goes through the house. Inasmuch as different kinds of insurance are sold, it was decided to indicate whether the insurance was fire or transit. It was also thought best to charge for packing at the warehouse separate from that for packing at the home. The blank forms are in sets of three and padded. Each individual warehouseman will have his own advertisement printed on the reverse side.

A motion was carried to recommend that the Natonal Furniture Warehousemen's Association hold only one meeting a year, with ladies permitted to be present and the time to be in mid-winter. It was declared to be the sense of the meeting also that the organization favor close cooperation between the State and national associations and that the California organization invite the National's regional vice-president to be present at the annual State gathering, which should be considered as taking the place of the present mid-summer gathering of the N.F.W.A.

—*Clarence Ebey.*

### *Survey Indicates a Continual Growth by Trade Associations*

STEADY growth has brought to national trade associations a 25 per cent increase in membership and a 73 per cent increase in income during the last ten years, according to a recent study by the Trade Association Department of the Chamber of Commerce of the United States. The survey covers 416 associations having a combined membership of over 360,000.

In 1930 the average net decline in income as compared with 1929 was 3 per cent for national and somewhat more for State and regional associations. The year 1930 closed with an average net loss of members by 302 national associations of 1 per cent, and by 114 State and regional associations also of 1 per cent. Estimates for the first quarter of 1931, based on partial returns, record a further average net loss of about one-half of 1 per cent. On this basis, notwithstanding these losses, total combined membership is now greater than in 1928.

Some associations record striking gains, but not all fared well. In this composite picture are associations which operated in 1930 on as little as one-third of the 1929 income, and also those which had twice the funds in 1930 as in 1929. The same is true of membership.

Comparing 1930 membership with 1929, of the individual associations 21 per cent have held about steady; 48 per cent show net losses. Net gains are reported by 31 per cent. Gains of 10 to 20 per cent are frequent, while some associations more than doubled.

## *Crooks Terminal Warehouses to Operate Overland Plant in Los Angeles*

AS announced briefly last month, the firm of Crooks Terminal Warehouses, owned and managed by Harry D. Crooks, has been selected to operate the Union Pacific's new subsidiary in Los Angeles—the Overland Terminal Warehouse Company. The structure, illustrated herewith, is virtually completed.

This additional operation constitutes the expansion of the Crooks organization's warehousing activities into a third principal city in the country. At present it owns and operates eleven large merchandise storage plants in Chicago and Kansas City. The total capacity, Los Angeles included, of its operations will now exceed 1,300,000 square feet of space.

Alfred J. Crooks, formerly manager at Chicago, will be in charge of the Los Angeles warehouse, with Gordon Ross, former Eastern manager, as his associate.

The new warehouse is a thoroughly

*The* $1,000,000 *Overland Warehouse which Harry D. Crooks will operate in Los Angeles*

fireproof class A reinforced concrete structure, more than 600 feet long and 100 feet wide, six stories in height with basement. The total area of the floor space is 433,000 square feet, or approximately ten acres. The building will accommodate unlimited floorloading in the dry and lighted basement and 250 pounds per square feet on the first and upper floors.

The freight elevators, seven in number, are of the self-leveling type, with modern system of operatorless control. Each has a platform area of approximately 200 square feet, being 10 feet wide by 20 feet deep. Two of the elevators have a capacity of 8,000 pounds each and the others a capacity of 6,000 pounds each. All operate at a speed of 150 feet a minute. These elevators may be operated either by means of a bank of push buttons just outside all entrances or from a push button bank inside the cars. Hence each elevator may be operated and controlled with or without the aid of a riding operator. At the main floors the hatchway doors open automatically as the elevator enters the leveling zone.

The warehouse is located at Alameda and Ninth Streets. This site was selected because of its advantageous proximity to the retail jobbing and wholesale districts; and also because of its automobile distribution area and its easy access to Long Beach and Los Angeles Harbor, as well as other southern California cities by rail and motor truck highway routes making for lower delivery and distribution costs.

The warehouse is served by two Union Pacific tracks at the rear with spotting space for 24 cars and rolling steel doors to accommodate each car. On the Ninth Street side a recessed undercover platform provides truck unloading accommodation for about 50 trucks at one time.

Modern and attractive offices, served by passenger elevator, have been erected on the Alameda Street and partly on the Ninth Street side of the building. Such facilities are of interest to firms which wish to have offices adjacent to their stocks in storage.

Should a display or sample room be required by an office tenant, such space can be arranged for, adjoining the offices, thus enabling a representative to carry a large line of samples conveniently and with economy. Labor for handling displays is furnished by the warehouse on an hourly basis. Display rooms are rented without offices if desired.

Approximately 50 per cent of the floor area will be devoted to public warehousing. The remainder will be for lease to tenants wishing to operate their own space. The building is so arranged that each tenant may have a private car spot as well as recessed platform space for loading of motor trucks.

National distributors realize more and more that the details, responsibility and investment of a privately owned branch warehouse interferes with the selling and promotional end of their business, besides being costly. So with this end in view, the Overland Warehouse is prepared to take over every detail and perform exactly the same duties that a firm's branch would do, and at a pronounced saving.

The Crooks company will issue negotiable warehouse receipts; in some cases make advances direct; prepay freight charges; file claims, assist in proper insurance protection, etc. A store door delivery service is being contemplated through the aid of an outside motor trucking agency, to offer further service to national distributors.

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## *Clark Company Announces New Type Lift Truck*

A NEW line of "Truclifts" has been introduced by the Clark Tructractor Co., Battle Creek, Mich., to supply "the demand in industry for a lifting-type power truck of adequate capacity, with four-wheel steer and rear-wheel drive, on which the steering wheels can be turned to a sharp angle to enable the operator to enter a freight car and spot his load at the far end," the truck being powered for twenty-four hours of continuous duty if necessary.

A locomotive type cast steel frame, full floating rear axle of excess capacity, powerful hydraulic lifting mechanism with automatic control and a tractor type gas engine with engine speed governed to less than 1400 r.p.m. are features that are claimed to insure long life and uninterrupted service. The truck is said to be unusually simple to operate; brakes are positive, rapid acceleration under load being a distinctive feature.

One model has a narrow platform to accommodate U. S. Standard 12-inch under-clearance skid platforms. It lifts a 3-ton load in 8 seconds and its turning radius of 94 inches makes it easy to turn the corner of two intersecting 64-inch aisles with ample clearance all around. This model with its pointed platform is especially designed for loading box cars.

A heavier model lifts 4 tons in 8 seconds, has a speed of from 1 to 6 miles an hour, and turns on a 94-inch radius.

In both models maximum engine power is delivered to the two rear driving wheels through direct transmission. Special wide tires under platform are claimed to insure minimum tire wear. Utilization of gas power is said to assure high fuel efficiency and to make the equipment capable of day and night operation.

## *Mexican Firm, With Backing of Banks, to Build Bonded Plants*

LARGE bonded warehouses are to be erected and operated by the Almacenes Generales de Deposito de Mexico y Vera Cruz, S. A., at Tampico, Vera Cruz, Torreon, Monterrey and Mexico City. The company which has just been formed will be financed by the Banco National de Mexico, which is a stockholder in the new enterprise.

Under a law which was enacted by the Mexican Congress in 1927 bonded warehouses may be operated only through a special franchise by the National Banking Commission. Bonded houses that may be established at seaports or border cities are authorized to receive and keep on deposit such imported goods as may be consigned to them without previously liquidating import duties. These shall be paid at the customs house when and as the merchandise is drawn by the consignees.

The warehouses are authorized also to act as public auctioneers of merchandise consigned them for the purpose or as sales agents when such function is specifically conferred on them by foreign or domestic shippers. Bonded warehouse certificates of goods deposited are legally negotiable, and it is expected this facility will prove a great convenience to importers and exporters.

Establishments located in interior cities such as Monterrey and Torreon will not have the privilege of storing merchandise upon which the duty is unpaid, but they will have all the other facilities of port and border cities' warehouses.

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## *Chicago Company Seeks Federal Tax Reduction*

DISTRIBUTION AND WAREHOUSING'S
Washington Bureau,
1163 National Press Building.

THE Chicago Cold Storage Warehouse Company, Chicago, has appealed to the United States Board of Tax Appeals from a ruling by Commissioner of Internal Revenue David Burnet which would require the payment of additional income taxes for 1928 and 1929 amounting to $5,113.

The ruling involved an allowance for depreciation of the cold storage company's various Chicago plants. The petitioner claimed it should have been allowed $70,029 for the fiscal year ended Feb. 29, 1928, and $60,882 for the fiscal year ended Feb. 28, 1929.

Mr. Burnet, however, held the allowances should amount only to $45,275 for the first year and $45,391 for the second, and attempted to collect additional income taxes.

A statement accompanying the Chicago firm's petition showed that it reported an income of $57,172 for 1928 and $105,512 for 1929. Mr. Burnet claimed the 1928 income should have been $81,926 and the 1929 income, $121,004.

—*Stephens Rippey.*

### *Winnipeg Storage Wins a Verdict in Suit to Compel Directory Listing Payment*

THE International Transportation Association, Inc., Washington, D. C., and Baltimore, has been unsuccessful in its legal action to compel the Winnipeg Storage, Ltd., Winnipeg, Canada, to pay $100 for a listing, descriptive of the Winnipeg firm's business, in the International's "Directory of Railroads and Steamships, also Warehouse Service."

The County Court of Winnipeg gave a judgment in favor of the International, but the Winnipeg Storage carried the case to the Court of Appeals, and that higher tribunal has now rendered a decision unanimously reversing the lower Court's ruling.

The case is widely of interest to storage executives throughout the United States and Canada, as more than 200 of them attached their signatures to documents which promised them listings in the International's book. Some of them subsequently refused to pay for the listings; they alleged in Courts, as did the Winnipeg firm, that they were not aware they were signing contracts to pay money for the listings, but thought they were placing their okays on listings to be published free.

The Winnipeg company was one of those which so claimed, and the International brought suit to compel payment.

The Winnipeg firm denied liability, claiming that its signature "was obtained by concealment and deception amounting to fraud," in the words of the Canadian Court of Appeals which gave judgment reversing the findings of the lower tribunal.

"These plaintiffs and the contract sued on have been before the Courts in the United States and in Canada on a number of occasions," said the Canadian Court of Appeals.

"In Saskatchewan the case of *International Transportation Assn., Inc., v. Capital Storage Co.*, 1928, 4 D. L. R 480, was tried by His Honor Judge Wylie, D. C. J., who dismissed the action. It is identical with the case at bar and full use will be made of it in writing this opinion.

"The defendants have been in the habit of supplying yearly information to compilers of directories, which, after being compiled, were distributed for sale, but no charge was made for the publication of the information in the book. The plaintiffs knew this, and made crafty use of their knowledge when setting their trap for the defendants.

"On or about Aug. 25, 1926, the plaintiff company forwarded to the defendant company a circular letter, the body of which reads as follows:

> " 'Dear Sir:
>
> " 'We are now engaged in compiling the next issue of our Railroads and Steamships manual. In future issues we propose to list the warehouses of the world.
>
> " 'We are enclosing a clipping regarding your activity which we solicit authority to rewrite to conform with OUR style and method of presentation, publishing the same in future issues of the Warehouse Section of this reference work should you accept our offer for such special representation. In connection please make any necessary marginal corrections or additions desired and return to us promptly.
>
> " 'Thanks in advance.'

"The clipping referred to appears to have been cut from another directory known as 'American Warehousemen's Distribution & Warehousing.'* It contains information supplied by the defendants for the publication of which no charge was made. This clipping was pasted into the body of the contract, which must now be mentioned. It accompanied the circular letter, and was inserted after the words:

> " 'The undersigned accepts your offer to prepare and publish a revised description of our activity in the Directory of Railways and Steamships, also Warehouse Service, to be made up from the following data.'

"This document the defendants signed under the belief that the 'offer' was to insert in their directory similar information to that supplied to others who published it without charge.

"The plaintiffs then proceeded to issue their directory and made a demand for payment of $50 as an annual charge for two years and subsequently, until revoked by notice. This demand the defendants indignantly refused, and then it was, for the first time, that their attention was called to a boxed-in group of words in the upper right hand corner of the contract, corresponding to other advertising matter set in the opposite corner, and an advertisement placed in the center of the page, all of which appear to be outside the contract which is set forth below.

The words in the upper right hand box are:

> " 'OUR OFFER is to prepare a paragraph description (in this size type) containing about 50 words, rewritten from the data recorded below, publishing the same in this manual, for the sum of fifty dollars a year, payable by the advertiser to the publishers on delivery of one copy of each year's edition containing the descriptive matter. The service is to be for 1927, 1928, and thereafter until canceled by registered mail. Typographical errors in the advertising service to be limited to 25 per cent of the year's charge as full damages.
>
> " 'All conditions of this offer are recorded herein, and its acceptance constitutes an irrevocable contract for the first two operative years.'

"Hugh Mackenzie, president and manager of the defendant company, says he signed the acceptance of the plaintiff's offer without reading what he believed to be advertisements outside the scope of the document. Further he says that he at no time consented to pay for the insertion in the directory of a descriptive listing which was supplied gratis by other concerns. The learned trial judge accepted Mr. Mackenzie's statement that he did not see the concealed offer, but was of opinion that he ought to have seen it.

"In my opinion the reference to 'our offer' in the circular letter to which the contract is attached is the one which must prevail, and not the printing of another and very different offer on the margin of the contract which must be looked at in order to appreciate the extent to which it deceives, and was intended to deceive, the defendants.

"The concluding paragraph of the judgment of Wylie, D. C. J., with which I fully concur, is as follows:

> " 'Several cases were cited by counsel for the defendant company on this question of sufficiency of notice: *Parker v. S. E. R.* (1877), 2 C. P. D. 416; *Richardson, Spence & Co. v. Rowntree*, 1894, A. C. 217; *Watkins v. Rymill* (1883), 10 Q. B. D. 178; *Henderson v. Stevenson* (1875), *L. R.* 2 *H. L. Sc.* 470; *G. T. P. SS. Co. v. Simpson* (1922), 65 D. L. R. 614.
>
> " 'From a perusal of these cases and the documents referred to, I have come to the conclusion that the notice given here of the special terms and conditions was not reasonably sufficient; that the whole nature of the transaction was such as to lead the defendant company's manager to believe that the document was not varied by any special terms; that the document in question is misleading and did actually mislead the defendant company's manager; that the offer in the body of the document should reasonably be construed as the defendant company's manager construed it, as referring to the circular letter of August 25th, which does not refer to any financial obligation; that the manager could not reasonably be expected to be aware of these special terms and conditions without having had his attention called to them either in the body of the document he signed or in the circular letter of August 25th.'

"Judge Wylie accordingly dismissed the action.

"As these plaintiffs come to us from the United States of America, it may be well to point out that the view now taken has been previously expressed in the Courts of that country, when passing upon documents identical with those now before us even to the dates which they bear.

"I have before me the reasons for judgment of the Hon. Irvin Stalmaster in the District Court of Douglas County, Nebraska, which contain a shrewd review of the facts in a case similar to the one at bar.

"The case—*International Transportation Assn., Inc. v. Ford Transfer & Storage Co.*—does not appear to have been officially reported, which almost tempts me to reproduce the judgment in full so

**Annual Warehouse Directory of "Distribution and Warehousing."*

cogent is it, but owing to its length I will be content with a few extracts, the reasoning in which I adopt as my own. After setting forth the circular letter of Aug. 25 and the form of contract accompanying it, Judge Stalmaster concludes a long opinion in these words:

"'If the plaintiff in this case is going to impose an obligation upon the defendant for rendering a service which for many years the defendant had received gratuitously, I feel that the plaintiff ought to have given in no uncertain language and in no uncertain way, notice of the terms and conditions upon which it is sought to obtain the signature of the defendant for publication of that service. It is clear to me that the manner and style of the arrangement of the printed matter, and the position of the so-called offer in the box in the upper right hand corner of the exhibit "3" (instead of embodying it in the lower part of the paper) was a scheme, and, while this may sound somewhat harsh, it is nevertheless true, was a scheme designed to influence the defendant into believing that by signing that paper he would be merely submitting requested information as he had done on many previous occasions, and that the listing which he was going to obtain from the plaintiff was, as it was usual for many years before that, to be received by him without charge. Under the circumstances the question suggests itself to me whether the plaintiff did what fair dealing and common decency it was required to do, in calling the defendant's attention to the fact that he was going to be charged $50 for these services. I do not believe that under the circumstances the plaintiff can claim to have done this in fact, by tucking away into one corner of what otherwise appears to be an innocent request for information, language which obligates the signer of the paper to pay money is indicative of a plan to obtain a signature to a paper in ignorance of the obligation which the signing of it is to create.

"'As the arguments were presented to me, I could not help but think of two or three questions. Should a person be permitted to so arrange printed matter in a document so that when it is read certain material provisions will escape the reader and then when his hope or desire has been satisfied, take advantage of the situation to force an obligation upon him whose attention he has thus planned to distract from the provisions which impose such an obligation? Can one so arrange a printed document so that when read it will give the impression to the reader that he is simply furnishing information when, as a matter of fact, by careful arrangement of the printed matter, the reader is really thus induced to sign what is, in fact, an obligation to pay money?

"'I do not believe any man should be permitted to lay a trap and then to say when the object is caught, "since you were not careful and have been caught in the trap, you deserve that which your carelessness has brought you to." That is not my idea of decency or fair dealing and it seems to me that no court should lend its aid to anyone to profit by such a method of dealing.

"'The judgment of this court is, therefore, for the defendant.'

"There is also a judgment to the same effect in the Appellate Term of the Supreme Court, First Division, N. Y., which reversed a judgment in favor of the plaintiffs in the Municipal Court, Borough of Manhattan, Ninth District. The case is styled *International Transportation Assn., Inc., v. Bloomingdale Rubber Co.*—April Term, 1928, No. 107, Mun. Ct.

"The plaintiffs, I understand, claim to have judgments in their favor in other Courts in the United States, but do not present the reasons which supported them.

"I accept the reasoning of the judges quoted from Saskatchewan, New York and Nebraska, and, with due respect, would allow this appeal and dismiss the action. Costs to the defendant in both Courts."

## *A. W. A. Selects Detroit for Its 1932 Convention*

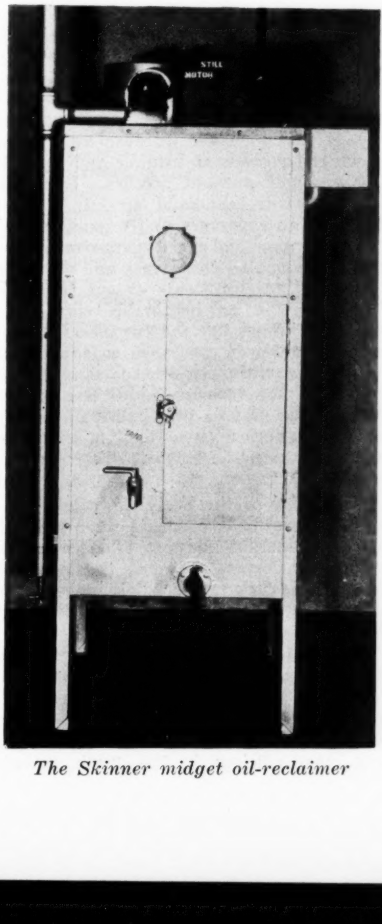
THE general board of the American Warehousemen's Association met in New York on July 20 and selected Detroit as the city for the next convention, in January.

Railroad and steamship storage competition was one of the problems discussed in executive session.

Attending the meeting were the general president, Elmer Erickson, Chicago; the general vice-president, Frank A. Horne, New York; the general treasurer, David H. Van Name, New York; the merchandise division's president, vice-president and executive secretary, Fred R. Long of St. Louis, Samuel G. Spear of Boston and Wilson V. Little of Chicago; and the cold storage division's president, vice-president, treasurer and executive secretary, Vallee O. Appel of Chicago, George D. Liles of Buffalo, Ralph C. Stokell of New York and William M. O'Keefe of Chicago.

## *"Midget" Oil Reclaimer Is Announced by Skinner Motors, Detroit*

TO meet a demand by operators of medium sized motor truck fleets, Skinner Motors, Inc., Detroit, has placed on the market a "midget model" of its oil-reclaiming equipment designed to enable truck operators to restore the lubricating qualities of their drainage oil "at but a fractional cost of the oil originally." Heretofore the purchase price of the larger capacity reclaimers has made investment in this equipment impractical for medium sized fleet operators.



*The Skinner midget oil-reclaimer*

The Skinner company's new "midget" has a capacity of 8 to 8½ gallons of drainage oil daily. "The simplicity of operation and automatic features," the announcement says, "require a minimum amount of labor, approximately one-half hour's labor per batch load from start to finish. As no chemicals or other foreign substances are included in the process of reclamation, a skilled attendant is not necessary. Moreover, this feature eliminates the need for close and constant check of the reclaimed oil by a laboratory, or the possibility of removing any of the lubricating qualities of the oil, which it originally contained. Briefly, the operation is as follows:

"Eight to 8½ gallons of crankcase drainage is poured into the machine from settling barrel. Heater and fan switches are turned on, and the machine then left alone. About six to eight hours are required to remove the liquid impurities, at which time the machine automatically shuts off. The oil starts to cool slowly, and within the hour a valve is opened manually, which will permit this oil to flow through a series of filter pads. However, this oil does not start flowing into the filter pads immediately after the valve is opened, but is retained until the oil cools to the proper temperature for best filtration, when a second valve opens automatically. The reclaimed oil filters through a series of three filters, and is collected in storage space in the bottom of the machine, where it may be drawn off for reuse."

The price is $290, f.o.b. Detroit.

## *The Family Album's Outline of Career of W. H. Douglas, New Orleans*

(*Concluded from page 23*)

he gets another one, and starts all over again, adding new machinery, new devices, putting more men to work, finding some new outlet for warehousing possibilities.

So today he operates nine warehouses with a total floor space of 1,150,000 square feet. His vans and his trucks are in virtually every neighborhood of the city every day, for he keeps 54 pieces of equipment busy. He runs eight large commercial warehouses and a furniture storage, moving, packing and shipping plant.

There is something in the gradual expansion of his enterprises that should interest warehousemen. Mr. Douglas has followed out one single idea, and this idea has brought him success in unusual degree. That idea, roughly speaking, is to make sure that he has gotten every conceivable inch of space in a warehouse working for him, and that he is utilizing every possible mechanical device to atattract clients; and then to take over another warehouse, where the possibilities of selling service are greater.

It might seem, at first glance, that the varied interests of such a combination of units would be confusing and dissipate their usefulness by getting unwieldy; but Mr. Douglas long ago learned the art of delegating authority. Jay Weil, vice-president, keeps the machinery of this organization well greased and in perfect running order, and all department heads are responsible to him for the proper conduct of the several units.

Mr. Douglas embarked on his program of expansion in 1919 when he took over Block Y Warehouse, formerly owned by a sugar concern. Its high ceilings and ample window outlets provided both adequate storage space for all manner of commodities, and light and air besides. It was built to order for a public warehouse, and Mr. Douglas installed bins and chutes, a coffee blending plant, and machinery to recondition flour, rice, coffee and other foodstuffs that require special attention for reshipment in either domestic or foreign trade. The warehouse is located almost on the river and is served directly by private switch tracks.

He did not abandon his drayage business when he opened this big warehouse, but added to his cartage equipment. As trucks became practical, they gradually began supplanting the mule and horse-drawn vehicles.

Along in 1922 Mr. Weil became associated with the organization, and his capacity for work and keen insight of the business recommended themselves strongly to Mr. Douglas, so that Mr. Weil, who always remains in the background, began to be a factor in helping Mr. Douglas draw up the loose ends of the business and to knit them into one of the outstanding organizations of the industry.

In 1923 the St. Charles warehouse was opened and the Appalachian Warehouses were taken over. In the following year the Decatur Street Warehouse was opened, dedicated to moving, packing, storing and shipping household effects. In 1925 two general warehouses were opened in Gretna, La., just across the river from New Orleans. In 1926 nineteen acres were added to the company's holdings in Marrero, La., opposite Napoleon Avenue, the central part of the port, and a bulk liquid plant was bought. This has a capacity of 7,500,000 gallons of bulk liquids, with a pumping terminal and wharf, offering direct-to-ship services. In 1928 two more warehouses were opened, the Oleander and the Orleans Warehouses; and in the same year a building was erected, adding 40,000 square feet to the Appalachian Warehouses, and in the following year the Beauregard Warehouses were taken over. In addition to all these activities, a financial department was established, which makes loans against negotiable receipts.

One might suppose that Mr. Douglas would have had his hands full by this time, but he dreads the idle day, so he filled in his spare time by being a vice-president of the Whitney Banks, one of the leading banking institutions of the South. He had also, during his other activities, found the time to help organize the New Orleans Parking Commission some 22 years ago, and to serve as its president for the past twelve years, raising it from a small begining with a budget of $5,000 to the $100,000 appropriation, which it spends annually now in making New Orleans a genuine garden city.

But these occupations still left him with some spare time, so in 1931 the directors of the Douglas Public Service Corp. organized the Douglas Shipside Storage Corp., operating the Army Base No. 2 as a public warehouse. This latter accomplishment means more than simply operating another warehouse. It means that men are working all up and down the riverfront loading and unloading goods in and out of cars. It means also that a freight handling unit is functioning for exporters and importers and that an import and export department also handles consular documents and all other details of foreign trade except forwarding. This is an invaluable service to shippers inland, for the department's research bureau is prepared to supply information with regard to the buying habits of the foreign field. The proper functioning of this unit has undoubtedly saved shippers a great deal in time and money by removing guesswork from foreign markets.

The work of the Douglas freight-handling department is made doubly effective by constant addition of loading and unloading devices. Among the latest of these is a truck crane which, mounted on a chassis, is capable of lifting five tons in or out of cars.

A fumigation department is among the services offered by the organization. This unit fumigates foodstuffs and both buildings and residences, ridding them of pests of all kinds. It is rated among the most efficient in the south, including several concerns that specialize in work of that character.

Mr. Douglas has written a ticket which has carried him far. He has been so painstaking and so thorough in every step he has taken in the development of his business that any one of the departments or units of his organization could function successfully as an individual concern. But, being grouped under the one management, and with all the loose ends held secure, the whole fabric presents one of the most extraordinary organizations in the country. It includes virtually every angle of cartage, commercial, bulk liquid and household storage; distribution of products to world markets, and all the ramifications of these lines which make these services seem so simple as to be child's play. Simplicity of action, coordinated and intelligent direction, together with an abiding liking for the business, have combined to make Mr. Douglas a truly significant factor in the industry.

He is an outstanding example of a man who knew how to write out his ticket—and what to do after he had written it.

## *Modern of New York Protests Income Tax*

DISTRIBUTION AND WAREHOUSING'S
Washington Bureau,
1163 National Press Building.

THE Modern Ice & Cold Storage Co., New York City, has appealed to the U. S. Board of Tax Appeals to set aside a ruling by the Commissioner of Internal Revenue which holds that the firm still owes $53,768.91 to the Federal Government as income tax for the year 1928. This figure includes a tax liability of $47,613.70 and interest amounting to $6,155.21.

It is contended by the firm that the Commissioner was in error in adding to the income of the petitioner for 1928 the sum of $392,530.80 erroneously claiming the sum to be profit from the sale of machinery and equipment. The Board was told in the petition of appeal that $345,000 of that sum was not profit at all but was compensation to officers of the corporation—Benjamin Leibel and Abraham Kruman—for signing and agreeing to the restrictions contained in "the 21-year agreement relative to their refraining from engaging in the cold storage and ice business."

The remainder of the $392,530.86, according to the petition, is the sum disbursed in 1928 for the acquisition of capital assets and is properly charged to the cost of machinery, etc.

No tax was due from nor paid by the firm in 1926 and 1927 but in 1928 a tav of $2,436.64 was paid. The Commissioner charged that the firm should have paid $50,050.34 in taxes in the year in question.

The firm reported a net income of $23,305.36 in 1928, but the Commissioner ruled the firm should have reported an income of $417,086.16 in that year.

## The I. C. C. Reopens Container Car Case Chicago - Milwaukee

DISTRIBUTION AND WAREHOUSING'S
Washington Bureau,
1163 National Press Building.

FOLLOWING a petition by the Chicago & North Western Railway, the Interstate Commerce Commission has reopened the container car case (Docket 21723) to enter upon an investigation "into the rates, charges, rules, regulations, and practices of the Chicago, North Shore & Milwaukee Railroad Company incident to the ferry truck service" operated by that road between Chicago and Milwaukee.

In its petition the North Western asked the Commission to modify its order in the container car case to compel the North Shore—an electric line—to bring its rates and practices in conformity with the report and order. The electric line's container car rates, the North Western alleged, "are not adequate for container service, or for any other service."

The Commission did not grant entirely the petition of the North Western, which not only asked that the order be extended to apply to the North Shore line, but that until that had been accomplished the North Western be permitted to engage in the traffic between Chicago and Milwaukee on a competitive basis, notwithstanding the Commission's decision in the container car case.

Instead, the Commission decided to embark on an investigation, instituted on its own motion, into the entire competitive situation brought up in the North Western's decision.

The inquiry, the Commission said in its order reopening the case, would be undertaken "with the view of determining whether such rates, charges, rules, regulations, and practices [of the North Shore line] are unjust, unreasonable, or in any respect in violation of law, and of making such findings and orders in the premises and prescribing such just, reasonable, and lawful rates, charges, rules, regulations, and practices, and taking such other and further action as the facts and circumstances may appear to warrant."

An account of the North Western's petition was carried in *Distribution and Warehousing* for July, page 41.

—*Stephens Rippey.*

## Container Car Service Increases in England

DISTRIBUTION AND WAREHOUSING'S
Washington Bureau,
1163 National Press Building.

BRITISH railroads are completely "sold" on the container car system of handling freight, although only a few years ago they approached it with caution, according to information reaching the Department of Commerce.

Figures recently published in England revealed that the L. N. E. R. was building 550 containers to supplement its stock of 710; the Southern Railway had ordered 100 new containers, and the G. W. R. during the past year had increased its containers about 50 per cent. The L. M. S. already owns about 3,000.

This method of door-to-door delivery by the railroads permits them to quote lower rates than their motor truck competitors, according to the Department.

—*Stephens Rippey.*

## Texas-Southwest to Convene Sept. 3-5

The Texas-Southwest Warehouse & Transfermen's Association will hold its semi-annual meeting on Sept. 3-5 in Mineral Wells. This will be the organization's first gathering since its enlargement to include executives operating in Oklahoma, Arkansas and western Louisiana.

L. C. Abbott, Fort Worth, is chairman of the program committee. Discussion of recent legislative developments will be a feature.

Meanwhile the president, O. E. Latimer, Fort Worth, has appointed Mr. Abbott chairman of a cooperative buying committee. Furniture pads will be bought, with members' designated numbers stencilled on them to facilitate recovery.

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## Position Wanted

**BY an experienced warehouseman in general storage. Have supervised and solicited accounts for a large eastern warehouse corporation. Familiar with modern warehousing practice and management.**

**Would also consider position as warehousing supervisor for a manufacturer with national distribution.**

**Available at once.**

**Address Box M-566, care of *Distribution and Warehousing*, 249 West 39th Street, New York City.**

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## Columbus Firm Incorporates

Papers were filed with the Ohio Secretary of State on June 12 for the incorporation of the Central Transfer & Storage Co. at 1500 Eastwood Avenue, Columbus, the capital being placed at $25,000.

The Central plans to abandon its present location and occupy the five-story building at 2050-2112 East Main Street, on which it has taken a long term lease.

The incorporators include Otto H. Gerhold, D. H. Ulrey and R. W. Kilbourne.

## Parr Expansion

The Parr-Richmond Terminal Corp., Richmond, Cal., has leased the properties of the San Pablo Wharf & Warehouse, Co., Richmond, in order to enlarge its public warehousing facilities.

## "New Yorker" Advises Its Readers Regarding Moving Organizations

UNUSUALLY valuable publicity for furniture warehouse firms was accorded some of the New York City firms through an article in the "On and Off the Avenue" department in the July 4th issue of *The New Yorker*, which has a national circulation.

"For the benefit of all you old procrastinators who awoke this morning horrified to find it was high time you did something about getting out of town for the summer," said the writer of the department, "we have raked together a nice list of a few of the reputedly efficient movers and storers.

"This is passed on to you in the strict understanding that we will not be responsible for cracked, chipped, or otherwise marred china and glassware, broken bric-a-brac or scratches on the grand piano. Or, to be truthful, anything.

"All the companies named can, however, show you letters from happy, satisfied customers; and they will pack you, move you out to the country, or store your stuff for the summer, with as little fuss and bother as possible."

The firms listed are the Bowling Green Storage & Van Co., Columbia Storage Warehouses, Day & Meyer-Murray & Young, Lee Brothers, Manhattan Storage & Warehouse Co., Metropolitan Fireproof Warehouse, Motor Van Co., and Morgan & Brother.

Mentioned also are the Mayflower Transit Co. and United Van Service, with the comment that the two "say they have offices in all cities, the natural implication being that if they weren't good you would have heard of their being run out of *some* town by this time."

## W. Woods Ellison Dies in Amarillo

DEATH on July 11 removed William Woods Ellison, president and general manager of the Armstrong Transfer & Storage Co., Inc., Amarillo, Tex., and president of the Amarillo Transfer & Warehousemen's Association. He had been ill about eight weeks.

Born in Crozet, Va., on Aug. 15, 1885, Mr. Ellison was educated at Virginia Polytechnic Institute and the University of Virginia. He went to Amarillo in 1906 and nine years later became manager of the Armstrong firm. In 1917 he purchased the company and erected the city's first bonded warehouse.

Mr. Ellison was a Mason and an Elk and was a member of the Texas-Southwest Warehouse & Transfermen's Association. He is survived by his widow, a son, William Woods, Jr., his father, two brothers and two sisters.

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**When you ship goods to a fellow warehouseman—use the Warehouse Directory.**

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## *Increase in Parcel Post Sizes and Weights Means New Federal Competition*

DISTRIBUTION AND WAREHOUSING'S
Washington Bureau,
1163 National Press Building.

IN approving the Post Office Department's proposal to increase the limit of size of parcel post packages to 100 inches, length and girth combined, and to increase the limit of weight for single parcels to 70 pounds for deliveries to parcel post zones 4 to 8 inclusive, the Interstate Commerce Commission has opened the way to further Governmental intrusion into the business of the regularly established express and trucking companies operating package delivery services. The new regulations become effective August 1.

Just how much the increased size and weight limits will cut into the present business of the express and trucking companies is problematical. Estimates made to the Commission by the Post Office Department anticipate that the Department's gross revenues will be increased by $1,500,000 annually because of the increased weight limit and $3,500,000 annually because of the increased size limit.

In its decision the Commission admitted that traffic would be diverted from existing agencies.

"As to the fact of competition and diversion of traffic there is no doubt," the Commission said. "The extent of the diversion is another matter. No adequate figures as to this are available."

The Commission concluded, however, that "there is sufficient evidence to show that the position taken by the Department is justified, at least to an extent which would warrant trying out the effects of the proposed extensions."

The proceeding was brought before the Commission under section 7 of the postal Act of May 29, 1928, which gave the Postmaster General authority to "reform from time to time such classification, weight limit, rates, zone or zones or conditions, or either, in order to promote the service to the public or to insure the receipt of revenue from such service adequate to pay the cost thereof." The statute, however, provided that revisions proposed by the Postmaster General could not be made effective without the consent of the Interstate Commerce Commission.

The Postmaster General's proposals were made "primarily for the purpose of obtaining increased revenue from the parcel post service to offset in some measure the computed deficit therein which, according to the cost ascertainment made by the Post Office Department, has existed for several years," the Commission said. Under this cost ascertainment—which, incidentally, has been severely criticized because of the method of cost ascertainment used—the Department estimated its parcel post deficit at $15,570,730 for the fiscal year ended June 30, 1930.

In addition to the two major proposals approved by the Commission, a third one was adopted providing a minimum charge for packages measuring more than 84 inches in length and girth combined, but not more than 100 inches. The minimum charge will be at the zone charge for a 10-pound parcel.

The Commission said the Department claimed the present limit of 84 inches in size and 50 pounds for packages in all zones beyond the third prevented the shipment of articles desirable for parcel post service. Numerous requests had been received from users of the parcel post service asking for the increase, the Commission said. The Commission listed the following articles which will be admitted to the mails because of the new limits:

Small furniture pieces, such as end tables, card tables, cabinets, benches, ferneries, chairs and telephone sets, either boxed, crated or wrapped; mirrors; ironing boards; incubators; chick feeders, and brooders; lard presses; washtubs; washstands; mixed shipments of dry goods, shoes, light hardware, clothing, etc., now sent to one customer in two or more packages; haystack covers; mower knives; skis; cars; toys, such as wagons, velocipedes, doll carriages, children's furniture, sleds, toy automobiles, and game boards; garden implements, such as sprayers, hand cultivators, rakes and forks; automobile and airplane radiators; flat maps; piece goods; binder sickles, and others.

The proposed increases, naturally, were supported by the large mail order houses. The American Farm Bureau Federation also intervened in the proceeding (Docket 24092) in favor of the proposals.

The Commission explained that the 70-pound weight limit had not been extended by the Department heretofore because it was felt that the capacity of the service would not permit handling heavy parcels for any greater distance than 300 miles, the limit for the third zone.

"It is now stated that the capacity of the service is such that the increased business anticipated from the proposed increases in weight and size can readily be handled without an undue increase in expense, and that the increase in reve-

(*Concluded on page* 58)

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## *Pennsylvania Firm to Absorb Cost of Unloading Package Freight Upon Its Platforms*

(*Concluded from page* 41)

dise division of the American Warehousemen's Association says that the letter by Mr. McCarthy "intimates that the warehousing company lost money under the allowance arrangemnt in unloading and delivering cars during a two days' free period, since 'the railroads paid this company for this service a sum per ton considerably below the cost of performing it.'" The *Bulletin* continues:

"Deprived of the allowance through a decision of the United States Supreme Court, the warehouse company states that it will now add to its losses hitherto on the service the cost of doing it hereafter at its own expense.

"The best interests of warehousemen and of the public that uses warehouse require a standardization of industry trade processes, and each designated service should be charged for in accordance with the respective cost of performing it.

"A service rendered for nothing or charged for at less than its particular cost is unduly preferential to customers making use of that service and must be a burden on customers not requiring it, since the latter are called upon to pay more for the services they do require in order that the warehouseman may make up his losses on services rendered gratuitously or at less than cost.

"It is the duty of the industry to avoid preferences and discriminations of this kind among the manufacturers and distributors that are using the services of warehousemen throughout the country.

"It is the duty of warehousemen individually to recognize that standardization of service requirements and methods of charging therefor is what our customers want and ought to have, and they should apply in their own individual operating routine any and all details of procedure approved by the industry to accomplish the uniformity desired by both warehousemen and customers everywhere.

"Warehousemen who give their time, thought and personal service in cooperation with others similarly disposed in an effort to maintain and foster approved trade practices in the industry locally and nationally will find little in this letter that can be considered of help in the attainment of their objective."

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### *Correction*

The heading above the rail storage inquiry story on page 12 of the July issue of *Distribution and Warehousing* erroneously indicated that the Interstate Commerce Commission ruling in this case (Docket 12681) was adverse to warehousing "by 5 to 4."

The text of the heading should have read "by 6 to 5." The story itself gave the correct information—that it was a 6 to 5 ruling.

## Moving 6,878,000 Silver Dollars Proves to Be a "Front Page" Job for O.K.

(Concluded from page 37)

nouncements of the event. Not merely accounts, but photographs and reading text on page one of the afternoon newspapers, with the story of this moving job being accorded the prized position of the editions, with an eight-column banner across the top of page one, and a carry-over to an inside page.

Following verbal praise for the efficiency with which the work was handled, Leonard Magruder, assayer in charge of the old mint, wrote Mr. Butler a letter in which other Treasury Department officials were quoted as having declared had never seen work of this character handled so efficiently. This letter was later reproduced in a three-column advertisement and inserted in the three local newspapers.

The actual moving of the $6,878,500 from the mint to the Customshouse was accomplished in 13½ working hours. Small four-wheeled hand trucks were used to haul the bags of silver coins from the storage point in the mint to the waiting vans.

Preparation for the transfer and the actual moving of the money were in strictest secrecy. Before a wheel was turned Mr. Butler had 1000 canvas money bags made. These were to be used in the event the bags which had been stored in the old mint for years should break, for it was thought impossible to move 216 tons of money in bags without some casualty among the bags which had been in piles for generations.

When the men reported for duty one morning at 8:30 none of them knew the nature of the work they were to do. They buckled down to this unusual job as though it were an ordinary every-day task, and, because of their long training in coordinated effort, there was not the slightest delay.

The men loaded the sacks of money from the piles in the mint to the little hand trucks. Each sack weighs 60 pounds, and contains $1,000. Twenty-five bags, containing a total of $25,000, were loaded on each truck and pushed 150 feet from the mint vault to the street, where a van stood waiting. The men then loaded the bags into the vans, and each van carried a quarter of a million dollars in silver dollars on each trip from the mint to the Customshouse.

When the vans were ready to leave the mint they were surrounded by motorcycle police. Secret Service men, armed with riot and machine guns concealed in automobiles, accompanied each van to its destination. There were also Secret Service men along the route.

The work of transferring the money was started at 8:30 one morning and by the next afternoon at 3 o'clock the task was completed.

"There are numerous advantages that moving concerns have over either express companies or armored car concerns," according to Mr. Butler. "To begin with, moving vans have a greater carrying capacity than either of those two types of conveyances, and the degree of safety is greatly in favor of the vans. It is highly probable that few of those who saw the vans going through the streets realized the value of their cargoes, and the possibilities of an organized raid by bandits were thereby lessened.

"Again, too, we think that the moving of anything—money included—is a logical part of the day's work for a moving company. It was due largely to the long and patient training of our men that we were enabled to establish what we consider a record for moving that volume of money. The men are trained to grapple with any task set before them, and to solve new problems every day; so the moving of 216 tons of money in 60-pound sacks was all in the day's work for them.

"A moving van is much less likely to arouse the gangster or bandit to action than an armored car, which publishes to all the world that it is likely carrying something valuable."

It was recalled around the city, after the successful removal of the money, that some bandits not long ago took an armored car away from its driver, drove it out in a swamp and proceeded leisurely to open it, possibly with a can-opener.

The money which was transferred had been in the mint building for years—possibly half a century. However, the bags were made stoutly and only a few broke. When they broke the money was counted and re-sacked and sealed. When one of the bags burst it was discovered there was $1.50 more in it than should have been—the three half-dollars having got into the bags in some mysterious manner when they were filled years ago. It is believed that there was more detail work in preparing this $1.50 for return to Washington, together with signatures and seals and so forth, than was necessary in the handling of all the $6,878,500.

The mint building was erected in 1836, and the coining of money was started the following year. It was built within the palisades of Fort San Carlos, one of the five forts constructed under direction of the Spanish, away back there when history was in short trousers. For many years the mint has been a "sight" for visitors to behold. Few realized all that money was hidden away in an outmoded old brick vault.

The present home of this money is in a modern vault in the Customshouse with six-foot walls of concrete, and with steel sound-magnifying gratings which would give immediate warning of any attempt to drill. Access to the vault is through a four-time-lock steel door, two feet thick. There is water underneath the vault—four feet of it—further to embarrass any enterprising thief.

The removal of those millions of dollars was a "front page" job, so considered by the local newspapers, and the free advertising obtained from those generous space allotments of the newspapers has proved to be invaluable to the company which moved the money.

## Personal News Here and There in Warehousing

ELMER ERICKSON, vice-president of the Midland Warehouse & Transfer Co., Chicago, and general president of the American Warehousemen's Association, has been continued for another year as a member of the Domestic Distribution Department of the Chamber of Commerce of the United States.

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Ross Allen, formerly with the Joe Hodges Fireproof Warehouses, Tulsa, Okla., is now in charge of the household goods department of the Interstate Fireproof Storage & Transfer Co., Dallas.

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George Kindermann, president of Julius Kindermann & Sons, Inc., New York City, and Mrs. Kindermann celebrated on June 6 their silver wedding anniversary.

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L. F. McCarty has been made manager of the Bridgeport, Conn., plant of the Hartford Despatch & Warehouse Co., Hartford, Conn. Mr. McCarty was formerly with the Atlas Storage Warehouse Co., Philadelphia, and was earlier with the old Big Four Transfer Co., Washington and New York.

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A girl was born in the home of Mr. and Mrs. Edward G. Mooney, Hartford, Conn., on June 25. Mr. Mooney is president of the Hartford Dispatch & Warehouse Co.

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Arthur J. Morgan, owner Morgan & Brothers, New York City, accompanied by Mrs. Morgan, is spending the summer touring Great Britain, France and Italy.

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Ray A. Schmeyer, formerly connected with the Union Terminal Warehouse Co., Los Angeles, has been elected vice-president and a member of the board of directors of the Pacific-Southwest Warehouse Co., Inc., Los Angeles.

—

H. C. Wall, formerly with the New York office of the American Chain of Warehouses, has been appointed general manager of the Universal Terminal Co., Cleveland, a subsidiary of the United States Freight Co.

—

Harry Charles Zaban, Jr., son of the president of the Zaban Storage Co., Atlanta, was born on May 27.

## Cornwall Entertains Cobb

Ty Cobb, formerly famous as a major league outfielder, was the guest of J. H. Cornwall, president of the Jennings-Cornwall Warehouse Co., Salt Lake City, Utah, for two days in June. The two are old friends and Ty stopped off en route to the Pacific Coast.

Mr. Cornwall took Ty to the Salt Lake Country Club and defeated him at golf. The Utah storage executive maintained it was only because Ty was in bad form.

## *Increase in Parcel Post Sizes and Weights Means New Federal Competition*

*(Concluded from page 56)*

nue will be sufficient to warrant the establishment of the service," the Commission said.

"The chief objections to the increases were made by the express companies. They contend that the present limits are higher than those required by reasonable parcel post service and that they are in a large measure responsible for the deficits. They also state that a large part of the parcel post traffic is competitive with express and that a considerable portion consists of traffic diverted from the latter by the gradual extension of the size and weight limits. Further extension, it is contended, will result in further diversion of long haul, heavy and bulky traffic."

The Commission said it was not possible on its record to approximate how much of the present express traffic might be affected by the proposed changes. The express companies made no extensive study of their own service to determine the extent to which packages weighing from 51 to 70 pounds had been handled by them to destinations within the parcel post zones where the increased parcel-post weight limit will apply.

Only one test of this nature was made, the Commission said—that covering express shipments forwarded from New York City on Dec. 27, 1930, to 47 representative cities throughout the United States. This showed 698 packages weighing 51 to 70 pounds consigned to points in zones 4 to 8, inclusive. The total shipments on that day were less than 50 per cent of normal, the Commission said, and, for the 47 selected cities, less than 30 per cent of the entire movement on the test day.

From this test, the express companies estimated that the average number of packages of the weights mentioned forwarded by express from New York City to parcel post zones 4 to 8 was in excess of 4,500 per day. This figure was arrived at by multiplying 698 by 2 and dividing by 30 per cent. Of this the Commission said:

### *Effect Held Uncertain*

"Obviously, this method falls short of establishing data from which a reasonable approximation may be made. It does not afford a factual basis for any prediction as to whether or not there would be a material diversion of traffic as contended by the express companies. From other data of record, it might be concluded that the increase in weight limit, apart from other factors, would result in little, if any, diversion of traffic."

In their testimony officials of the Department made the point that increasing the weight limit to 70 pounds for zones 4 to 8 probably would result in only a relatively small number of parcels weighing more than 50 pounds being mailed to those zones. This conclusion was based on figures which showed that in the first and second zones, parcels weighing more than 50 pounds at present constituted only 0.71 of one per cent of the total parcels mailed to those zones and in the third zone only 0.39 of one per cent of the total mailed to that zone.

In fact, postal officials expressed the belief that the movement of packages weighing more than 50 pounds to the last five zones would be smaller than that to the first three, because of the greater postage charges and the fact that such charges more closely approximate the charges for service by express.

No estimate was made as to the amount by which the cost of performing parcel post service might be increased as a result of handling parcels of greater size, the Commission said. Quoting:

"It is admitted that transportation costs, particularly for railroad transportation, would be increased because of the larger size of parcels. The railroads are paid upon a space basis. An increase in the size of parcels beyond the present limit would tend to increase the space required for transportation and increase the cost without a corresponding increase in postal revenue. This would be offset to some extent by the Department's proposal to establish a minimum charge on parcels measuring more than 84 inches at the zone charge for a 10-pound parcel. For all parcels of the larger size that weigh more than 10 pounds the pound rates will be the same as for smaller-sized parcels. The extent to which costs will be increased can be determined only from tests of actual operations. The same is true of the cost items that vary according to the weight transported."

The Commission said there was no doubt that the present restrictions on mailability prevented the shipment of numerous articles which otherwise would be offered and that the increase in size and weight would promote the service to the public.

"Whether all of such articles are desirable for transportation by parcel post from the point of view either of size or weight is another question," the Commission continued. "There has been nothing presented to us to show that it is undesirable for the Department to handle larger and heavier packages than it now handles."

—*Stephens Rippey.*

## *Job Wanted*

**IN warehousing. Have had experience handling heavy goods. Am 32 years old; sober and honest. I am looking for something with a future. Can furnish references as to my ability and work. Address Box L-465, care of *Distribution and Warehousing*, 249 West 39th Street, New York City.**

## *Bay State Truckers Complain Regarding Railway Competition*

THE Motor Truck Club of Massachusetts, Inc., has filed a complaint with the Massachusetts Public Utilities Commission alleging that the Boston & Maine and New York, New Haven & Hartford Railroads are, through subsidiaries, transporting shipments by truck at rates much lower than actual cost and that the losses are being paid by the parent companies.

The organization, according to its complaint, is composed of independent individuals and concerns engaged in the motor trucking business, some of them having started with horse-drawn vehicles a quarter-century ago.

The complaint names the Boston & Maine Transportation Co. as the subsidiary of the Boston & Maine Railroad, and the New England Transportation Co. as that of the New Haven road.

## *M. G. Young to Manage Indiana Association*

Morris G. Young, for the past two years a field representative of the motor truck manufacturers' department of the National Automobile Chamber of Commerce, has been made general manager of the Motor Truck Association of Indiana, Inc., with headquarters in Indianapolis.

Mr. Young was formerly an Indianapolis newspaper reporter and later was public relations director of the Indianapolis Chamber of Commerce.

## *Suhr Heads City Ice*

Robert C. Suhr, formerly senior vice-president of the City Ice & Fuel Co., which operates plants in twenty-six States and Canada, has been elected president, succeeding the late Harry D. Norvell.

Widely known in the business of car icing and the refrigeration of food products in transit, Mr. Suhr has been associated with the ice industry for nearly half a century.

## *Schneyer Vice-President*

Ray A. Schneyer, who several months ago resigned from the Union Terminal Warehouse Co., Los Angeles, to join the Pacific-Southwest Warehouse Co., Inc., of that city, has been made vice-president and a member of the board of the Pacific-Southwest, succeeding J. S. Craig, resigned.

## *Columbus Firm Expands*

The Merchandise Storage Co., Columbus, has leased the entire space in the New York Central's freight houses on West Broad Street, thus adding 60,000 square feet on floor area. Each two stories high, the buildings are served by four railroad tracks where thirty-two cars can be spotted at a time.

## Workmen's Compensation Insurance Expected to Be Increased Next Year

EMERGENCY rate increases in workmen's compensation insurance averaging 13.4 per cent nationally but varying in individual States from no change to a 57.9 per cent jump, are proposed by the National Council of Compensation Insurance as a means of meeting the crisis said to be existing in the compensation field, according to an announcement made in New York on July 9 by Clarence W. Hobbs, special representative of the National Convention of Insurance Commissioners on the National Council.

In a memorandum sent to the members of the National Convention of Insurance Commissioners, Mr. Hobbs analyzed the reasons for the present emergency, said to result chiefly from the depression, and outlined the steps taken in developing rates commensurate with existing conditions.

Mr. Hobbs explained that new rates were formulated following the adoption of a resolution by the Insurance Commissioners at their recent meeting in Chicago whereby the supervisory officials recognized that a continuation of the present conditions "seems likely to imperil the condition of compensation carriers" and urged immediate action by the carriers, the National Council on Compensation Insurance and individual insurance commissioners.

The method adopted as the basis for emergency increases in rates, he said, was to take as a starting point the loss ratio for 1929, the last complete policy year, except for the smaller States where two or three years' experience was used, then project the constantly increasing medical loss ratios to 1932, the period in which the new rates are to be effective and, finally, add an emergency loading of 2½ per cent (equivalent to a trifle more than a 4 per cent flat increase in rate) to cover the contingency of an increase in indemnity losses over those of policy year 1929.

### Loss Ratio Higher

A constantly increasing loss ratio in workmen's compensation insurance is responsible for the situation, Mr. Hobbs explained. Ordinarily rates are based on the average experience of the last three policy years for which complete data are available, which in this case are 1927, 1928 and 1929. However, it was pointed out, the loss ratio in 1928 was considerably higher than in 1927, and 1929 showed another appreciable increase. This was due to two factors—a constantly and fairly uniform increase in medical loss ratios averaging slightly less than 0.7 per cent a year for the past five years, and a rapid increase in indemnity loss ratio in 1928 and 1929 after three years in which the ratio had remained constant. Incomplete statistics for 1930 show loss ratios in the aggregate slightly higher than in 1929.

The factors responsible for the increasing loss ratio are, in Mr. Hobbs' opinion, as follows:

1. A falling off in pay rolls, both by curtailment of employment and by reductions in wage scale.

2. An increased incentive to economy, a tendency to attempt to balance the employers' operating losses by getting the most possible out of the reduced forces employed.

3. A tendency on the part of employes to make the most out of injuries sustained; those injured often prefer to receive compensation when future employment and wages are uncertain.

4. A tendency on the part of State industrial boards toward a liberal interpretation of the law, basing compensation on normal earnings rather than actual earnings when the injured worker is employed only part time.

5. The increase in medical loss ratios is probably due to conditions in the medical profession and warrants a prediction of a continued increase in the future.

Mr. Hobbs gave only minor weight to mechanization of industry as a factor, stating that its "average effect on industry as a whole is probably no more than a slight constant upward tendency." However, he said, all labor-saving devices do tend to reduce the pay roll and the exposure and have a general tendency toward an increase in the individual hazard.

The average increase of 13.4 per cent in rates resulting from the adoption of the new rating method, according to Mr. Hobbs, is divided roughly as follows: Changing from the three-year basis of experience to the one year, 1929, accounts for 7 per cent; the projection of medical loss ratios for about 2 per cent, and the emergency loading for about 4 per cent.

"Taken by States," Mr. Hobbs informed the Insurance Commissioners, "the results are greater or less than the nation-wide increase. As would naturally be expected, the increase runs heavier than the average in most of the large industrial States in which the effect of the depression was most marked. Also in States which have been reluctant to bring their rates up to the levels indicated by the rating plan previously in force, the increases run heavier than the average. In the States where for one reason or another the depression has had a less marked effect, the increases tend to fall below the average and are in some cases nonexistent.

"This is, of course, an emergency measure and advocated as such. It has not been specifically endorsed by the convention, and may receive the attention of that body at the September convention. Before that time it will probably come to the attention of supervising officials in all of the regulated States. The plan has been presented to the National Council on Compensation Insurance. The general principle was adopted at a meeting of the Rate Committee on June 26, and rates for the several States are at the moment being presented to regional committees. It appears to be the intent to present the same plan to the several independent boards at an early date."

Mr. Hobbs declared that the carriers have eliminated unnecessary expenses and made all possible economies. There has been some increase in expense in recent years, he said, due "to splitting the business among too many carriers," but the influx of new companies has ceased and the "status of some of the new entrants is involved in a certain doubt."

"It seems folly to look for a betterment of economic conditions in the immediate future sufficient to effect general relief," Mr. Hobbs concluded. "There must be a measure of cooperation all around. The carriers can not well decline to trim their sails to the gale; but what economies they can effect can not afford relief unless the causes of underwriting loss are eliminated. Compensation can not bear all the burden, but there is no reason why it should not pay its own way. The present claim for emergency relief is designed for that purpose and as such merits consideration."

The proposed increases for the various States, as set forth by Mr. Hobbs, are as follows:

| | Per Cent | | Per Cent |
|---|---|---|---|
| Maine | 9.0 | Michigan | 13.9 |
| New Hampshire | 15.1 | Indiana | 7.5 |
| Vermont | 12.7 | Illinois | 8.2 |
| Massachusetts | 15.4 | Iowa | .. |
| New Jersey | 10.8 | Nebraska | 2.8 |
| New York | 19.0 | South Dakota | .. |
| Connecticut | 1.7 | Kansas | 25.6 |
| Rhode Island | 4.8 | Missouri | 3.0 |
| Maryland | 9.3 | Oklahoma | 57.9 |
| Dist. of Columbia | 3.5 | Texas | 20.0 |
| Virginia | 24.2 | Colorado | 15.7 |
| North Carolina | 6.9 | Utah | 30.3 |
| Georgia | 10.8 | Arizona | 25.2 |
| Alabama | 6.7 | Montana | 18.2 |
| Tennessee | 5.9 | Idaho | 36.7 |
| Kentucky | 9.4 | New Mexico | 23.0 |
| Louisiana | 17.5 | California | 2.1 |
| Minnesota | 6.8 | Hawaii | 14.4 |
| Wisconsin | 13.3 | | |

## Michigan Terminal and Central Detroit Merge

THE Central Detroit Warehouse Co. and the Michigan Terminal Warehouse Corp., each operating a merchandise warehouse business in Detroit, have consolidated under the former's name.

Announcement was made on July 11 that the stockholders of the Central had voted to double the capitalization in order to take over, through a lease, the property of the Michigan Terminal.

The merger creates one of the largest merchandise storage organizations in the State, as it had dry storage space exceeding half a million square feet.

It was stated that officers of the expanded company would be elected later. The 1931 Warehouse Directory gives D. R. Livingston as president, E. B. Busby as secretary, treasurer and manager, and S. A. Sted as operating executive of the Central, which is located at Port and Tenth Streets. The Directory mentions Wellington F. Evans as president, E. L. Rice as secretary and H. F. Taber as treasurer of the Michigan Terminal, located at Brandt Avenue and Wyoming Boulevard. The Central was established in 1926 and the Michigan Terminal a year earlier. The Michigan Terminal holds membership in the merchandise division of the American Warehousemen's Association.

## *National Truck Owners Plan a Fight Against Railroad Competition*

MOTOR truck and team owners and operators throughout the country will wage war on the methods of railroads and other interests in influencing legislation adverse to the smaller organizations, it was announced at the closing session of the National Team & Motor Truck Owners Association, held at the Hotel Chelsea in Atlantic City, N. J., on July 13 and 14. The new officers elected will work toward enrolling individual bodies into the organization to strengthen its forces for one of the biggest fights ever undertaken by the industry.

It was sanctioned also that the association work for uniformity of traffic regulations in all the cities. Speakers stressed the importance of this to the industry.

The principal business of the concluding gathering was the election of officers.

James M. Naye, president of the Philadelphia Team & Motor Truck Association, was chosen president. Mr. Naye, who succeeds D. J. McHugh of Cincinnati, has been the National's first vice-president and was chairman of the convention committee.

Other officers elected as H. H. Barton, Kansas City, first vice-president; E. Foster Moreton, Detroit, second vice-president; and William J. McDevitt, Cincinnati, treasurer.

Directors chosen are A. T. Barton, Kansas City; J. C. Devonne, Clveland; Joseph Downing, Buffalo; William T. Grund, St. Louis; Daniel Harvey, Pittsburgh; E. S. Turner, Detroit; J. Rex Taylor, Cincinnati; William Winkler, Chicago, and Hugh F. Gannon, Philadelphia.

It was announced that the association's headquarters office will be removed from Cincinnati to Philadelphia.

The question of selecting a city for next year's convention was referred to the executive committee. Bids were received from Kansas City, Detroit, Cleveland and Atlantic City.

Harry B. Rubey, Cincinnati, the association's secretary, said in his report that twenty-three members who had responded to date to a questionnaire had holdings representing investment aggregating $2,388,358.

"These twenty-three members," he added, "own 444 motor trucks and 117 trailers. This information was gathered in the event that it should prove advisable to appear before the Interstate Commerce Commission on the subject of motor-rail coordination."

The retiring president, Mr. McHugh, emphasized the importance of increasing membership but opposed any increase in dues.

Mr. Naye in a brief address said:

"There are many problems confronting the motor truck operator of today, and we should all strive for the upbuilding of our national and local associations by the securing of new members and the giving of information to officers. With this cooperation it shall enable both our national and local bodies successfully to combat the legislation offered by our enemies in an effort to force us out of business by incessant increase in various taxes.

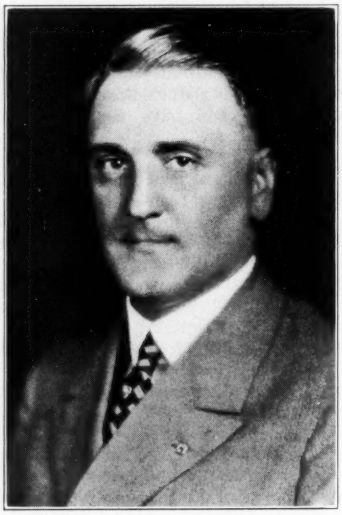
"It has been said that the motor truck operator is the easiest means of securing additional revenue, that he never complains and is therefore saddled with unjust taxes and legislation generally that would hamper the movement of the motor truck transportation industry.

"The time is here when every motor truck operator should and must stand together in a concentrated effort to control the situation, which if not controlled will eventually cause failure to most of us."

Mr. Naye after his election as president said:

"This convention has resulted in bringing about a general discussion of

**James M. Naye**



*Philadelphian elected president of National Team and Motor Truck Owners Association*

conditions throughout the country, with first-hand information being imparted on the floor. It has brought the various interests of the industry into closer contact which has proved helpful to all. This in itself is a great accomplishment.

"Our greatest need now is to combat legislation aimed at us by rival interests. Another difficulty confronting the industry is the competition offered by 'flyers' with borrowed or half paid for trucks purchased from motor companies not at present in full accord with our business principals. These people have little or no capital, give a down-payment of $50 or so on a second-hand and battered truck, and then start out competing with our organized companies. They are not responsible, whereas we are forced to carry large bonds, etc., and have our overhead to worry about.

"The railroad direct-to-door delivery plan is another institution against which we must fight. This plan, if carried out to any great extent, would tend toward crippling the industry for the individual. It has been tried in various cities but we plan a fight against it before it develops any further."

Delegates attended the convention from Philadelphia, Cincinnati, Pittsburgh, Buffalo, Chicago, St. Louis, Kansas City, Detroit, and Wooster, Ohio.

—*W. H. McMahon.*

## *Terminal, Milwaukee, Loses Fight to Evade Tax Assessed Locally*

WAREHOUSES owned by railroads but leased to private operating companies are subject to the same local assessment and taxes as other storage buildings, Circuit Judge D. W. Sullivan in Milwaukee ruled on July 23. The Court dismissed the complaint of the Terminal Warehouse Co., which last January sought permanently to restrain the city from placing on the Milwaukee tax roll its building along the Milwaukee road railroad tracks in the Menominee valley.

The decision is regarded by the city as an important victory in that it establishes the right to tax warehouses under the local instead of the State tax rate. The assessment of $387,500, the value placed on the warehouse by Louis A. Arnold, tax commissioner, will stand unless the State Supreme Court reverses the Circuit Court.

The tax alone on the property will aggregate $10,000 annually at the local rate of $26.01 per thousand of value, officials estimated.

Judge Sullivan said that the Terminal company was operating its warehouse the same as any other privately-owned warehouse tributary to a railroad and that its service to its clientele was separate and distinct from that of a railroad as a common carrier. His decision overruled the contention of the complainant that, as a part of a railroad system, it should be taxed by the State tax commission and not by the city.

The Terminal Warehouse Co. got all of its income from its business and the Milwaukee road got nothing in the way of service or otherwise that it did not receive from other warehouses tributary to its tracks, Judge Sullivan held.

## *Tretheway Expansion*

The Tretheway Transfer Co., Huntington Park, Cal., will operate as a public warehouse a $12,000 building which it has taken over under a five-year lease. The one-story brick structure, recently completed, has 105 feet of frontage on Randolph Street.

## *Interstate Files*

Interstate Terminals, Ltd., has filed, in California, articles of incorporation, with capitalization listed at $50,000, to do a warehouse and terminal business in San Francisco, Oakland, Seattle, Portland and Tacoma.


Above: M. Newton, Cincinnati, Ohio, agent for the United Van Service, recently put this International Speed Truck—Model A-5 with 156" w.b.—into service. It is an up-to-the-minute outfit in every respect, having a special van body of 1200 cubic feet capacity, mounted on a two-wheel trailer. The 4-man cab is specially built. Mr. Newton bought this International as a result of exceptional service from his previous International, purchased in 1926.

# Be Guided by the Experience of International Owners

OUTSTANDING performance, economy of operation, and long truck-life have won hundreds of friends for International Trucks. These sturdy trucks are in the hardest kind of hauling service where their power and stamina are severely tested every day under all kinds of loads and going.

Many International owners have tried various makes of trucks in their time. They are keen buyers of transportation and judges of motor truck values. They know the hauling problems of their businesses and they know that Internationals are built right to give them the most value for their truck dollar.

International owners have proved that these are reliable trucks, ready for any kind of work, and backed up by a strong, Company-owned truck service organization that protects Internationals on the job. When you buy trucks be guided by the experience of International owners who know how to measure true truck value.

Ask the nearest of 183 Company-owned branches in the United States and Canada or an International dealer for a demonstration on your own work. There is an International for every requirement in capacities from ¾-ton to 5 tons. Write us for information.

INTERNATIONAL HARVESTER COMPANY
606 S. Michigan Ave. OF AMERICA *(Incorporated)* Chicago, Illinois


Above: This United Van Service agent, Settle Moving & Storage Co., Louisville, Ky., also prefers International Speed Trucks. The truck shown is a fast-moving, 6-cylinder International, the last word in transportation equipment.

# INTERNATIONAL TRUCKS

## *New Incorporations as Announced Within the Storage Industry*

### Arizona

PHOENIX—California - Arizona Fast Freight, Ltd. Motor freight line. Capital, $25,000. Incorporators, E. J. Mabbott and Marshall P. Shuckhart of Los Angeles and E. A. Mabbott and P. H. Poirer of Phoenix.

### Arkansas

**Fayetteville** — Central Canners, Inc. Bonded warehousing in Fayetteville, Green Forest, Bentonville and elsewhere. Capital, $10,000. J. K. Gregory is president.

### California

**Los Angeles**—Avalon Transfer & Storage Co., 653 East Vernon Avenue. Storage warehouse and transfer service. James Brennan heads the company.

**Los Angeles**—Blue Diamond Forwarding Co., 726½ North Alameda Street. William P. Heal and H. G. Lewis, 4962 Highland View Avenue, head the company.

**Los Angeles** — Hollywood Dollar Transfer, 8629 Santa Monica Boulevard. Capital not stated. Incorporators, A. Baumgardner and G. Baumgardner, 8971 Cynthia Street, West Hollywood.

**Los Angeles**—Yuma-Phoenix Freight Co., Inc. To operate motor freight lines. Incorporators, G. Saum, D. Robinson and M. Schneirow.

### Illinois

**Aurora**—Fox Valley Motor Service, Inc., 149 South River Street. Capital, 3000 shares of no par value stock. Incorporators, Theodore F. Isleman and Harry L. Isleman.

**Chicago**—Park Fire Proof Storage Co. has decreased its capital stock to $100,000, from $1,000,000.

**Chicago**—Union Motor Freight Lines, Inc., 1132 West Harrison Street. Capital, $25,000. Incorporators, Earl C. Deardorff, Howard R. Rust and Beatrice L. Marvin.

### Indiana

**Indianapolis**—Central Transfer & Storage Co., Inc. General transfer and storage business. Capital, 1000 shares of no part value stock. Incorporators, F. C. Roesener, E. W. Roesener and L. M. Gruner.

**Marion** — Manghelli - Sinclairs, Inc. Warehouse and trucking service. Capital, 1000 shares of no par value stock. Incorporators, C. H. Sinclair, John Manghelli and A. Manghelli.

### Massachusetts

**Adams**—Adams Cold Storage Warehouse Co., Inc. Cold storage warehousing. Capital, $5,000. Incorporators, Robert Groves, 132 Commercial Street, president, and Edwin K. McPeck and Alfred Baker.

**Boston**—World Freight Co., 294 Washington Street. Motor freight service. Edward B. Lynch and Daniel C. Murphy head the company.

### Michigan

**Detroit**—C. J. D. Motor Freight Lines, Inc., 3960 Third Avenue. Incorporators, M. W. Mullen, 3466 Lincoln Avenue, and R. H. Newton and L. F. Parker.

**Dowagiac**—Artesian Ice Co., 510 South Front Street. Cold storage warehouse and ice plant. Capital, 200 shares of no par value stock. Incorporators, Robert J. Boyce, A. V. Boyce and George L. Boyce.

### New Jersey

**Jersey City**—Tidewater Stevedore & Wharf Corporation. Warehouse, storage and transfer service. Capital, 1000 shares of no par value stock. Incorporators, George M. Auten and Samuel Aitken.

### New York

**Brooklyn**—Shore Road Storage Co. Storage warehouse and transfer service. Capital, $10,000. Principal incorporator, E. F. Mulholland, 16 Court Street.

**Brooklyn**—P. Van Rooyen's Motor Express Lines. Capital, $10,000. Principal incorporator, G. D. Aranow, 147 Fourth Avenue, Manhattan.

**New York City**—W. H. Ash Barge Terminal. Warehousing. Capital, 100 shares of stock. Representatives, Holley & Oxenberg, 40 West 41st Street, Manhattan.

**New York City**—Erie Furniture Warehouse, Inc. Storage warehouse and van service. Capital, $3,000. Principal incorporator, M. L. Staub, 1841 Broadway, Manhattan.

**New York City**—Harmort Storage Warehouses. Capital, $10,000. Representative, N. Richards, 15 Maiden Lane, Manhattan.

**New York City**—Lindy Moving Van Co. Capital, 200 shares of no par value common stock. Principal incorporator, Murray Steelgall, 60 East 42d Street, Manhattan.

### North Carolina

**Fuquay Springs**—Center Brick Warehouse, Inc. Warehouse and distributing service. Capital, $75,000. Incorporators, W. B. Johnson and E. C. Fish.

**Ridgecrest**—Carolina - Georgia Motor Lines, Inc. Capital, $50,000. Incorporators, R. E. Hurst and W. I. Willis.

### Ohio

**Akron**—Reed Warehouses, Inc. Capital, $25,000. Incorporators, Glenn D. Reed, Howard J. Reed and Jennie M. Reed.

**Cincinnati**—Ray Hamilton Moving & Storage Co. Storage warehouse and moving service. Capital, $25,000. Incorporators, Ray Hamilton and Louis E. Arnold.

**Cleveland**—Gregg Fast Freight Service, Inc. Capital, $10,000. Incorporators, Mary E. Ralls, May Smith and J. S. Gilbert.

**Cleveland**—Watson Transfer Co. Capital, 250 shares of no par value stock. Incorporators, A. T. Watson and J. G. Short.

**Toledo**—Depenthal Truck & Storage Co. Storage warehouse and van service.

(*Concluded on page* 64)

## *Construction, Developments, Purchases, Etc.*

### Alabama

MOBILE—Turner Terminal Co. is planning to spend about $50,000 extending and improving its buildings.

**Montgomery**—Alabama Motor Freight Line has applied for permission to operate a route from Montgomery to Atlanta, Ga., by way of Notasulga, Opelika and Lanett.

### California

**Glendale**—Bekins Van & Storage Co. has opened its new seven-story depository completed at Brand Boulevard and Arcadia Street. Harry Hunt has been appointed manager.

**Oakland**—Howard Terminal Corporation will erect a $50,000 one-story warehouse, 140 x 150 feet, at First and Market Streets.

### Canada

**Vancouver, B. C.**—Vancouver Ice & Cold Storage Co., Ltd., has filed plans for a 50,000 addition, 45 by 80 feet.

### Connecticut

**Bridgeport**—West End Moving & Storage Co. has added a 3½-ton Brockway van with 16-foot body to its equipment.

**Greenwich**—Doran Brothers have filed plans for a $60,000 two-story warehouse, 52 by 155 feet, on Railroad Avenue.

### District of Columbia

**Washington**—Terminal Refrigerating & Warehouse Corp. on June 26 voted the regular semi-annual dividend of $1.50 a share on the outstanding stock, payable on June 30 to shareholders of record on June 26.

### Georgia

**Savannah**—Southeastern Warehouse & Compress Co. has awarded a contract for a $40,000 one-story warehouse on Hutchinson's Island.

### Illinois

**Chicago** — Crooks Terminal Warehouses have arranged a long-term lease on a dock and warehouse at Calumet River and 103d Street, and will occupy for expansion in connection with warehouse terminal in the Clearing Industrial District. The acquired warehouse is 1300 feet long and will be connected, by the Belt Railway, with the company's other terminal units.

**Elizabeth**—Jo Daviess Service Co., East Dubuque, has awarded a contract for a $22,000 one-story warehouse in Elizabeth.

### Indiana

**Indianapolis**—Transit Vans Co. has filed notice of company reorganization under the name of Greyhound Vans, Inc.

### Missouri

**St. Louis**—Midwest Industrial Development Co., a subsidiary of the Illinois Terminal Railroad, has awarded a con-

(*Concluded on page* 64)

### *Construction, Developments, Purchases, Etc.*

(*Concluded from page 62*)

tract for a $3,100,000 19-story warehouse, station and office building at High, Morgan and Twelfth Streets.

**New Jersey**

**Bayonne** — Bush Terminal Company, New York, contemplates construction of a $1,000,000 terminal warehouse group along the Hudson River from the Greenville district to Constable Hook, near Bayonne.

**New York**

**New York City**—Kay Moving Service has plans under way for a $160,000 milti-story addition on site adjoining its present plant on Amsterdam Avenue.

**New York City**—New York Central Railroad Co. has taken bids on a general contract for a $1,000,000 storage warehouse terminal on West End Avenue from 64th to 65th Streets.

**North Carolina**

**Winston-Salem**—Crystal Ice & Coal Co. has plans for a $35,000 one-story cold storage warehouse on Marshall Street.

**Ohio**

**Cleveland**—C-C-C Highway & Motor Freight Co. has awarded a contract for construction of an $85,000 one-story and two-story warehouse and freight terminal, 40 by 130 feet, at East 22d Street and Orange Avenue.

**Pennsylvania**

**Pittsburgh**—White Motor Express Co. will operate as a terminal warehouse and distributing station a four-story warehouse, containing 230,000 square feet of floor space, at Pike, 16th and 17th Streets and Terminal Way.

**Tennessee**

**Memphis**—P & B Transfer & Storage Co. has taken over under a ten-year lease three three-story and basement buildings on Main Street near Huling Street, and plans to remove its business to the structures on Sept. 1, after expenditure of about $10,000 on improvements.

**Texas**

**Alpine**—Central Power & Light Co. has authorized a $35,000 addition to its cold storage warehouse and ice plant.

**Galveston** — Commercial Warehouse Co. has arranged for an increase in capital to $25,000, from $10,000.

**Waco** — Central Forwarding, Inc., moved into a new building, near its present location at First and May Streets, on July 1.

**Virginia**

**Koehler**—H. B. Knowles, identified with the Southern Public Service Co. and associated interests, have concluded arrangements for the purchase of the plant of the Patrick Henry Cold Storage Co.

**Norfolk**—Horton Motor Lines have secured permission to operate a motor freight service from Norfolk to Richmond and from Norfolk to Charlotte, N. C.

**West Virginia**

**Huntington**—Chesapeake & Ohio Railroad Co. has plans for a $30,000 one-story warehouse and freight building.

**Wheeling**—J. E. Miller Transfer & Storage Co. has purchased property at 24th and Market Street, and is considering plans for a new building.

### *New Milwaukee Firm*

The Central States Storage Warehouse Co. has been incorporated, with authorized capital stock of $25,000, to do a general storage and mercantile business in Milwaukee. The incorporators are J. A. Bayliss, Jr., A. J. Hachuli and Lester C. Dobbert.

### *Imhoff Branches Out*

J. Imhoff & Sons, operating a household goods storage business in Port Arthur, have entered the merchandise branch of warehousing, the depression having thrown back on their hands a semi-fireproof building with railroad trackage and convenient to the local docks.

### *Pine Bluff Adds Space*

The Pine Bluff Baggage & Transfer Co., Pine Bluff, Ark., has added 10,000 square feet of merchandise storage space. The firm has joined the new Texas-Southwest Warehouse & Transfermen's Association, Inc.

### *New Incorporations as Announced Within the Storage Industry*

(*Concluded from page 62*)

Capital, 250 shares of no par value stoc Incorporators, George P. Smith and S. Riehle.

**Toledo**—Harbor Terminals, Inc. Wa house and transfer service. Capital, 2 shares of no par value stock. Incorp rators, Ralph W. Jex and Moses L. Oku Representative, Joseph O. Eppstein, 6 Ohio Building.

**Toledo**—Merchandise Warehouse C Bonded warehousing. Capital, 250 shar of no par value stock. Incorporator William E. Hague, Joseph D. Lott a Charles P. Cohagan.

**Toledo**—Petrie Cartage & Storage C Capital, 250 shares of no par value stoc Incorporators, Edwin S. Petrie and Jo A. Forshey.

**Pennsylvania**

**Philadelphia**—Ace Storage Co., 17 Columbia Avenue. Storage warehous and trucking. Israel Jaffe, 3001 We Paige Street, heads the company.

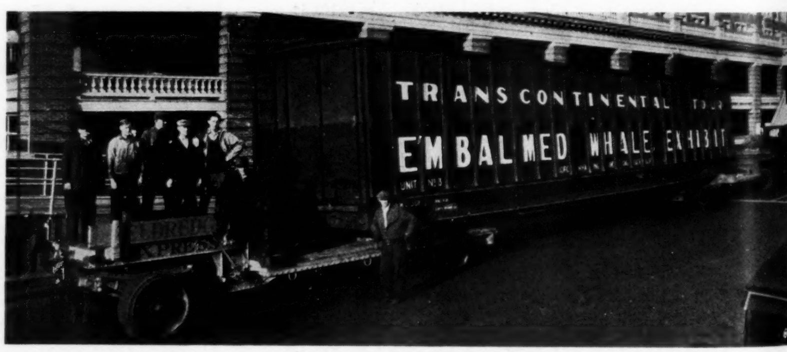
**Texas**

**Austin**—Scobey Fireproof Warehous Co. Warehouse and van service. Capi tal, $25,000. Incorporators, N. S. Va Phul, O. E. Latimer and S. G. Nelson.

**Wisconsin**

**Milwaukee**—Central States Warehous Co. Storage warehouse and van servic Capital, $25,000. Incorporators, Leste C. Dobbert, A. J. Hachuli and J. A. Bay liss, Jr., 2114 West Wells Street.

## *Literally—a Whale of a Job*




HOT weather punning is scarcely excusable, but the Eldridge Express & Storage Warehouse Co., Atlantic City, N. J., recently had a whale of a job. The accompanying illustration is rather a bit of proof.

The aquatic mammal weighed 70 tons and had been touring the country under the sponsorship of the Pacific Whaling Co., Inc., Long Beach, Cal. When it arrived at the Atlantic City freight yards, the problem was to get it across the famed board walk for exhibit on the steel pier jutting out into the Atlantic.

Willard Eldridge, president of the Eldridge firm, put his equipment to work and transported the whale from yards to pier without damage to the board walk. Two Fruehauf trailers were used, one at the front and the other at the rear. A Mack truck pulled and a Garford truck pushed. It took a half hour to traverse five city squares and a half-day to get the whale to his exhibit spot on the pier.